### **BEAVER COUNTY SCHOOL DISTRICT**

291 North Main Beaver, Utah 84713

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2005

James Ray Terry, Ed.D. Superintendent of Schools

Todd S. Burke
Business Administrator
Certified Government Financial Manager
Licensed School Administrator and Business Educator

Prepared By:

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# Beaver County School District **TABLE OF CONTENTS**For Fiscal Year Ended June 30, 2006

I. INTRODUCTORY SECTION:	
Letter of Transmittal	1
Organizational Chart	14
Elected and Appointed Officials	15
Map - Precincts of the Board of Education	16
II. FINANCIAL SECTION:	
Independent Auditor's Report	19
Management's Discussion and Analysis	21
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	32
Statement of Activities	33
Fund Financial Statements:	
Balance Sheet, Governmental Funds	34
Reconciliation of the Balance Sheet of Governmental Funds to The Statement of Net Assets	35
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund	38
Notes to Basic Financial Statements (integral part of basic financial statements)	39
Combining and Individual Fund Statements and Schedules:	
Major Governmental Funds:	
Comparative Balance Sheets, General Fund, With Comparative Totals for 2005	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund, With Comparative Totals for 2005	62
Schedule of Program Revenues, Expenditures, and Changes in Fund Balances, General Fund	63
Comparative Balance Sheets, Major Debt Service Fund, With Comparative Totals for 2005	
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, Major Debt Service Fund, With Comparative Totals for 2005	69
Nonmajor Governmental Funds:	
Combining Balance Sheet, Nonmajor Governmental Funds	71

# Beaver County School District **TABLE OF CONTENTS**For Fiscal Year Ended June 30, 2006

Taxable and Estimated Actual Value of Taxable Property, Years Ended June 30, 1997 through 2006	101
History of the Value of the WPU, Weighted Pupil Unit (WPU), Utah Legislative Funding Method, Years Ended June 30, 1976 – 2007	102
Debt Capacity Information:	
Overlapping and Underlying General Obligation Debt, June 30, 2006	103
General Fund, Changes in Fund Balances & Ratio of Annual  Debt Service to General Fund Expenditures,  Years Ended June 30, 1997 through 2006	104
Schedule of Long-Term Debt Service, Years Ending June 30, 2007 through 2019	
Ratios of Outstanding General Obligation Debt, June 30, 1997 through 2006	
Computation of Legal Debt Margin, Years Ended June 30, 1997 through 2006	109
Demographic and Economic Information:	
Selected Beaver County Economic Statistics, Calendar Years 1997 through 2005	110
Demographic Information, Population Growth, Calendar Years 1996 through 2005	111
Beaver County Largest Employers, Calendar Year 2005	112
Operating Information:	
Full-Time Equivalent Positions by Function, Year Ended June 30, 2006	113
District Student Average Daily Membership, As Reported in S-3 Report (audited), Years Ended June 30, 1997 through 2006	114
Student Average Daily Membership By School and Grade, As Reported in S-3 Reported (audited), Year Ended June 30, 2006	115
Schedule of School Service Efforts, Year Ended June 30, 2006	116
General Fund Cost Per Student, Years Ended June 30, 1997 through 2006	118
Student Participation in Federal Food Service Program, Year Ended June 30, 2006	119
Teacher Salary Placement, Experience, and Qualifications Statistics, Year Ended June 30, 2006	120
Schedule of Buildings and Acquisition Dates, June 30, 2006	121
Schedule of Insurance in Force, June 30, 2006	12 <b>2</b>
State Criterion Reference Test Scores, Years Ended June 30, 2004 through 2006	123
Capital Asset Statistics, June 30, 2003 through 2006	124

# INTRODUCTORY SECTION

- Letter of Transmittal
- Organizational Chart
- Elected & Appointed Officials
- Map Precincts of the Board of Education

Our Business:
Preparing
Responsible Citizens

### **Beaver County School District**

P.O. Box 31 291 North Main Beaver, Utah 84713

November 14, 2006

### To the Beaver County School District Citizens, Patrons, and Members of the Board of Education:

We are pleased to present to the public Beaver County School District's first ever Comprehensive Annual Financial Report (CAFR). This Comprehensive Annual Financial Report is for the fiscal year ended June 30, 2006 and is structured to provide both financial and non-financial information to the patrons and entities for which the District is accountable to.

### Superintendent's Message

During the 2005-06 school year Beaver County School District implemented several new programs to improve academic achievement and took steps to insure the financial stability of the district. Additionally, a large majority of the teachers employed by the Beaver County School District met the requirements for highly qualified status as defined by the Utah State Office of Education and all schools in the district achieved Adequate Yearly Progress (AYP) as outlined by the federal No Child Left Behind legislation.

At the elementary level significant progress was made toward the implementation of the Utah State Office of Education's three-tiered literacy program. Belknap, Minersville and Milford schools have a literacy specialist assigned to each faculty. The literacy specialist assisted teachers in identifying struggling readers and designed interventions to help those students with the essential elements of literacy. Both Beaver and Milford High Schools have implemented intervention programs that identified students who were not achieving success in the regular classroom. Teachers, in turn, provided assistance in the subject areas where the students needed additional instruction.

Significant changes in administrative personnel and programs in the Beaver County School District were made as well. Several unnecessary programs were eliminated to help ensure a healthy financial future. A new superintendent and business administrator were hired to direct the district in meeting the challenges of the twenty-first century. The board of education, district administration, teachers, and patrons are committed to improving the educational opportunities for all students in the Beaver County School District.

### Overview Of The CAFR

The Comprehensive Annual Financial Report (CAFR) includes financial and non-financial information to meet the needs of a broad spectrum of readers. The information is presented in three sections:

1. Introductory Section: This section introduces the reader to the report and includes this transmittal letter, the organizational chart of the District, a list of

elected and appointed officials, and a map of the precincts of the Board of Education.

- Financial Section: The Financial Section consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, notes to the basic financial statements, and supplementary information (combining and individual fund statements and schedules).
- 3. Statistical Section (unaudited): The Statistical Section contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data and cover several years. Statistical information is presented in five categories (1) Financial Trends Information, (2) Revenue Capacity Information, (3) Debt Capacity Information, (4) Demographic and Economic Information, and (5) Operating Information.

The report is prepared in accordance with generally accepted accounting principles (GAAP) which are applicable to governmental entities throughout the United States. The Governmental Accounting Standards Board (GASB) establishes local government accounting principles. This report conforms to all current, relevant pronouncements of the GASB, which taken as a whole, are referred to as generally accepted accounting principles (GAAP).

Management assumes full responsibility for all of the information presented in this report. The District believes the presentation of the report is accurate in all material respects, and the financial position and results of operations are presented fairly. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to *provide reasonable, rather than absolute, assurance* that the financial statements are free of any material misstatements. The District's comprehensive internal control framework has been designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

State law requires that Utah public school districts publish within five months of the close of each year a complete set of financial statements which are audited by a firm of licensed certified public accountants. Hafen, Buckner, Everett, & Graff, PC, a firm of licensed certified public accountants, has audited the Districts financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion for the District's financial statements for the fiscal year ended June 30, 2006; This opinion indicates the statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the *Financial Section* in this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, are the authoritative standards governing Single Audit engagements. These standards require the independent auditor to report not only on the fair presentation of the financial

statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

In addition to the Single Audit requirements, the District is required to meet audit requirements according to Utah State Code 51-2 to report on compliance with significant state fiscal laws.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A immediately follows the independent auditor's report.

#### DISTRICT PROFILE

### Summary

Beaver County School District became a unified district in 1881 after consolidation of multiple districts throughout the area. In 1888 the Utah Territorial Legislature authorized "a free school system" in Utah; and as a result, Beaver County School District became a local and state recognized public education entity in Utah (Source: A History of Beaver County, Martha Sonntag Bradley, p162-163).

Beaver County School District is one of 40 public school districts in Utah, and the District served 1,510 students in Beaver County during fiscal year 2006. The District projects that enrollment will be 1,520 students in the next fiscal year. The major purpose of the District is to provide public education to students who reside in Beaver County which is located in the southwest portion of the state of Utah. To accomplish this purpose, in Fall 2006, the District services two traditional high schools, two traditional elementary schools, and one K-8 elementary school. The District continues to contribute substantially to the community by offering traditional education to its students. In addition, the District offers several educational alternatives outside of the traditional education environment. These alternatives include preschool training for disabled students, adult high school completion, adult high school completion for correctional facility students, adult access to university programs through satellite and other technology based programs, and concurrent enrollment where students can earn high school and college credits simultaneously. Programs such as advanced placement, special education, music, career technology education (vocational), gifted and talented, extra-curricular activities, and many other enrichment programs are offered in the District's traditional schools.

The District maintains and operates the following buildings in order to serve students and patrons:

- Beaver High School (1996)
- Beaver High School Gym (1974)
- Beaver High School Career Technology Ed. Center (1982)
- Milford High School (1995)
- o Milford High School Gym (1974)
- o Milford High School Career Technology Ed. center (1982)
- o Belknap Elementary School (1938)
- o Milford Elementary School (2001)
- o Minersville Elementary School (2001)

### The Reporting Entity

Beaver County School District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. Policy making and legislative authority and oversight are vested in the Board of Education consisting of five members. The Board of Education is responsible, among other things, for developing policy, adopting the annual budget, levying property taxes, incurring bonded debt, and appointing both the Superintendent and Business Administrator. The Board of Education and District administration recognize that the District's financial health largely dictates its ability to deliver the most appropriate education for each individual student. The Superintendent and Business Administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected locally on a non-partisan basis.

### Governing Structure

Pursuant to Utah Code 20A-14-202, the District Board of Education consists of five members. The Board of Education represents the Beaver County citizenry and have been elected from precincts which were independently determined by Beaver County officials. A map of the precinct boundaries is included in the *Introductory Section* of the report.

#### MAJOR INITIATIVES & LONG-TERM FINANCIAL PLANNING

### Legal Compliance

During fiscal years 2003, 2004, and 2005, the District reported in its audited financial statements interfund transfers of \$1.24 million from the Debt Service Fund to the General Fund. The Utah State Office of Education (USOE), Utah Attorney General's Office, and the Utah State Auditor's Office conducted an investigation to determine a) whether or not a violation of Utah Code 53A-19-105(2) occurred, and b) whether or not any fraud occurred. Utah Code 53A-19-105(2) states that "except as otherwise provided in this section, school district interfund transfers of residual equity are prohibited." The District also sought legal advice to determine a) whether or not a violation of Utah Code 53A-19-105(2) occurred, and b) whether or not any liability exists in regard to the prior years' interfund transfers, and c) what remedies were available to the District to remedy any liability that may exist.

The Utah State Auditor's Office conducted an in-depth internal control review over an extensive period of time. Although several internal control weaknesses were found, no fraud was detected during the review.

The Utah State Office of Education, in conjunction with the state Attorney General's Office, concluded (September 7, 2006) the following:

- All of the transferred funds were utilized to pay authorized and legitimate debts of the District.
- In transferring these funds, the District was relying on erroneous information from a certified accountant.
- A violation of this statute could entail the termination of all employees associated with committing these unauthorized transfers.
- The District has implemented procedures to ensure that similar interfund transfers do not occur in the future.

Based upon several similar court cases which had previously occurred throughout the country, the USOE and State Attorney General's Office, in conjunction with the District's legal counsel, has determined the appropriate remedy is a liability for lost interest of

\$19,700.51. All agencies involved were persuaded by the decisions of various courts around the country that maintaining the fiscal health of the District was of paramount importance. This amount is to be repaid over a five year period from the General Fund to the Debt Service fund beginning in fiscal year 2008. The delay in repayment is due to the fact that the District has already concluded its initial budgeting and property tax rate setting process for fiscal year 2007.

### Administration Changes

In order to move the District forward in a positive direction, the Board of Education took action to appoint a new Superintendent and Business Administrator. On July 1, 2005, Dr. James Ray Terry was appointed as Superintendent and Todd S. Burke was appointed as the District's Business Administrator on May 1, 2006.

<u>Dr. James Ray Terry</u>. Dr. Terry was appointed superintendent of Beaver County School District on July 1, 2005, after working fifteen years in the Sevier School District. Dr. Terry has worked as a building administrator for 12 years, seven as alternative high school principal and adult education director, three years at Salina Elementary and two years at North Sevier High School. Dr. Terry taught special education for three years on a middle and high school level in Sevier School District. Dr. Terry taught two years at North Gem High School in Bancroft, Idaho. After receiving a Bachelor's of Science in Secondary Education from Utah State University (1976), Dr. Terry continued to pursue his education by earning a Master's of Education in Special Education from the University of Utah (1992), an administrative endorsement from Utah State University (1993) and a Doctorate of Education in Educational Leadership from Nova Southeastern University (2005). Dr. Terry has participated in the Utah Mentor's Academy, Utah Principal's Academy, and is a State Facilitator and Trainer in the Accreditation Process. He served on the Utah State Accreditation Committee from 1996-2001.

Todd S. Burke. Mr. Burke served four years active duty in the U.S. Air Force as a security policeman and his assignments included tours during Operation Desert Storm and Desert Shield. Towards the end of his active duty commitment, he was awarded a Utah Career Teaching Scholarship by the Utah Board of Regents, graduated with honors from Weber State University, and was employed as a high school business and marketing teacher in Emery County School District. Mr. Burke continued with his education and received his accounting training from Utah Valley State College, a master's degree from the Utah State University School of Business, and his Utah School Administration training from the University of Utah. Mr. Burke was employed by Provo City School District as the Assistant Business Administrator and Director of Accounting before being appointed as the Beaver County School District Business Administrator. Mr. Burke was recognized at Provo City School District as their first Director of Accounting to earn the nationally recognized excellence in financial reporting awards from the Government Finance Officer's Association and Association of School Business Officials; and he was responsible for earning these awards for three consecutive years. Mr. Burke is a Certified Government Financial Manager (CGFM) through the Association of Government Accountants.

### Independent Auditor

During fiscal year 2006, the District publicly advertised through the state a request for proposal for its annual independent audit contract. After reviewing several proposals, the proposal submitted by the firm of Hafen, Buckner, Everett, & Graff, PC was selected. This firm is well respected throughout the state and has substantial experience in school and governmental audits.

### Audit Committee

Based upon a recommendation made by the District administration, the Board of Education has formed a District Audit Committee. The audit committee is comprised of no more than two Board of Education members and no more than five independent accounting and finance professionals who are independent of management. The purpose of the audit committee is to:

- Enhance the auditor's real and perceived independence of management,
- Advise the Board of Education.
- Monitor the financial statement audit, and
- Consider internal control weaknesses and make recommendations to the Board and management regarding internal control improvements.

### Restricted Residual Equity Balances

The Governmental Accounting Standards Board recently issued GASB Statement No. 46, Net Assets Restricted by Enabling Legislation. The District has implemented this guidance in this report by classifying restricted residual equity balances, related to externally imposed restrictions associated with enabling legislation, as restricted net assets and/or reserved fund balances.

### Challenges Facing the District

<u>Restricted and Unrestricted Program Fund Balances</u>. As reported in the governmental fund financial statements, the District had year end positive restricted program fund balances and negative unrestricted program fund balances. The future budget changes mentioned below are the first steps taken by the District to resolve this challenge. The District is also planning to reassign appropriate personnel who are working in programs funded by unrestricted funding sources to those restricted programs with available funds.

<u>Recruitment of Highly Qualified Teachers</u>. Several state and federal regulations require the District to recruit, develop, and/or retain highly qualified teachers. During this past year, the District was faced with challenges in recruiting qualified applicants for math, science, and other teaching positions. Unfortunately, the supply of certified teachers in some content areas have promulgated the hiring of non-certified teachers in specific content areas. The District is exploring many options to minimize the impact of this challenge upon student achievement and to remedy this situation.

Changes in Graduation Requirements. On August 4, 2006, the Utah State Board of Education passed a resolution which increased the graduation requirements for the class of 2011. Specifically, future students (class of 2011 and beyond) will be required to earn four credits in English, three credits in mathematics, and three credits in science to obtain a Utah high school diploma. Although this resolution is admirable, the District is concerned it will not have highly qualified teachers properly endorsed to meet the changes in enrollments in these required content areas. Additionally, the District is concerned that enrollments in career technology education, music, art, and other elective content areas will decline given the new graduation requirements. Other concerns have been expressed to the District regarding possible declining enrollments in release time, work-based learning, and other curriculum offerings due to the change in graduation requirements.

<u>District Reading Program</u>. The District follows state compliance in providing reading specific services to students. These services are designed to assess, monitor, diagnose, and improve student reading skills. The District's reading program is funded cooperatively with a line item state funding source from the State Minimum School Program <u>and</u> a locally generated ad valorem property tax levy. These two revenue sources combined provide approximately \$80,000 for the program. The District has experienced positive increases in academic achievement from this program. Research,

particularly in grades K-3, suggests this program's effectiveness towards academic achievement is critical to the long-term success of student achievement. The District believes that more resources should be directed towards this program.

<u>Utilities Cost Trends</u>. The District continues to face substantial increases in utilities costs. Although schools have taken action to reduce their energy usage to a notable level, utilities costs continue to rise. The District has no revenue source which is indexed to utilities inflation rates; and thus, utilities costs continue to cut into K-12 regular education funding. The District is working to obtain advice from utilities management professionals in order to explore alternatives to contain these costs.

<u>Technology Education</u>. Although the integration of technology education continues to increase in the education environment, funding for technology hardware, software, and staff development is minimal. The District receives approximately \$20,000 from federal funding for technology, but this amount does not adequately support the technology education requirements in 21<sup>st</sup> Century classrooms.

Adult Education. The District has been receiving approximately \$160,000 per year from the state to fund the adult education program. This program's funding is driven by the number of enrollments and diplomas awarded each year. Because the number of diplomas awarded each year has been declining, the District is expecting a substantial decrease in state funding for the short-term future.

Additionally, the local correctional facility is also expanding and will nearly double its occupancy this coming year. The District is expecting a substantial increase in enrollments in future years from the participation in the adult education program at the correctional facility. In the short-term however, there may be a substantial gap between the funding being received from the state to support the program as compared to the enrollments at the correctional facility. State funding generally lags a year or two behind current year enrollments.

<u>Beaver "U" and Milford "U"</u>. The District operates a satellite based college program at Beaver High School and Milford High School where secondary and adult students can enroll in college-level courses. These courses are broadcasted by satellite to these facilities from state universities. The District believes this is an essential program to our students and communities. However, the cost of staffing these facilities is approximately \$60,000. This program currently has no primary revenue funding source to support the program.

Recreation Facilities, Capital Projects, and Equipment. In projecting long-term capital projects and assets needs, the District is concerned particularly with known replacement costs for recreation facilities, transportation buses, and technology equipment (as discussed above). The athletic tracks at both high schools are due for renovations, and the cost of the renovations are expected to be at least \$400,000. Funding for transportation buses is also a concern. The District has not purchased a bus for two years, and the cost for a new bus is expected to be \$90,000. The District is considering options to fund these future costs.

General Fund & Debt Service Fund Fund Balances The General Fund (refer to financial statements presented on page 34 of the report) closed the year with a substantial negative fund balance, and the Debt Service fund closed the year with a substantial positive fund balance. As explained above in the "Compliance" section, the District will no longer transfer funds from the Debt Service Fund to the General Fund to cover operational expenditures. In order to meet the

compliance requirements outlined in state law, the District must keep all residual equity remaining at the end of the year in the fund for which the residual equity is accounted for.

By law, the District was required to set its fiscal year 2007 property tax rates in August 2006. The District was in discussions from April 2006 through September 2006 with the Utah State Office of Education and State Attorney General's Office regarding the issues outlined in the "Compliance" section above. At the required time for setting property tax rates (August 2006), the District was unaware of the state's final conclusions from its investigation. Consequently, the District was unable to legally decrease its debt service property tax levy and proportionally increase a General Fund property tax levy to alleviate the negative fund balance in the General Fund during this coming fiscal year ending June 30, 2007. This means the District is expecting to have a negative fund balance in the General Fund, and a positive fund balance in the Debt Service Fund, at the close of fiscal year ending June 30, 2007.

The District is planning to adjust its individual property tax levies in the Debt Service Fund and General Fund for fiscal year ending June 30, 2008 in order to remedy this situation.

It is important to note the General Fund negative residual fund balance is proportionally smaller than the Debt Service Fund positive residual fund balance for fiscal year ended June 30, 2006. This means that if the District can manage its operations in fiscal years 2007 and 2008 to ensure these fund balances remain proportionally the same, this situation will be remedied in fiscal year 2008 when the individual property tax levies can be legally adjusted.

### Future Budget Changes

Several changes have been implemented for fiscal year 2007 to improve the District's fund balances and future financial position:

- 2% reduction in district-wide K-12 teaching staff,
- 1% reduction in district-wide administration staff,
- \$150,000 of known FY2006 one-time expenditures have not been reappropriated to internal operations budgets in fiscal year 2007.
- A Board approved judgment recovery property tax levy has been initiated in fiscal year 2007 to recover approximately \$50,000 lost in fiscal year 2006 property tax revenue judgments.

The staff reductions occurred through natural attrition, and comparisons with other surrounding school districts indicate the districts staffing size (after the reductions) is comparable to the average staffing ratios in other surrounding districts.

The District has negotiated compensation agreements with employees to reduce health insurance benefits in lieu of salary increases for fiscal year 2007. Classified and administration employees agreed to a 20 percent reduction in health insurance premiums in exchange for a 7.1 percent salary increase. Certified (teachers) agreed to a 3 percent reduction in health insurance premiums for a 3.29 percent increase in salaries. The District projects a 5.8 percent increase in state revenues from the appropriations made by the 2006 state legislature and will use this increase to fund the salary increases which are not offset by benefit reductions.

### State Funding

The state's fiscal year 2006 school finance program is designed to provide every Utah school district with a basic operation program of \$2,280 per weighted pupil unit (WPU) as compared to \$2,182 in fiscal year 2005. The State Legislature has increased the WPU

funding to \$2,417 for fiscal year 2007. State funding is primarily based upon student enrollment.

#### LOCAL ECONOMY

### Utah Economic Conditions

The economic outlook of the district is heavily dependent on state aid, providing 69.8% of General Fund revenues. The state Uniform School Fund was constitutionally established in 1938 and is used to equitably allocate funding for statewide public education programs. Since 1947, all taxes based on income have been constitutionally required to be used for public education. In 1996, voters in Utah approved a constitutional change providing that these revenues could also be used for higher education. Additionally, a statewide property tax rate ("basic levy") is levied to finance the Uniform School Fund and is applied against the taxable value of real and personal property.

On September 19, 2006, the Utah Legislature reduced the state income taxes throughout the state. Although the tax cut is estimated to save each household \$50 per year (Deseret News, September 20, 2006), Utah continues to struggle with adequately funding its public education system. On April 30, 2006, the Salt Lake Tribune published an editorial written by the Executive Director of the Utah Foundation (Salt Lake Tribune, "Utah's Education Funding Effort Declining", Stephen Kroes) outlining the Utah public education funding "paradox". The Utah Foundation is a highly reputable research based, non-profit organization, which supports informed public policy through non-lobbying and non-partisan efforts in Utah. Excerpts from this editorial are provided below:

A recent federal report showed Utah last in the nation in per-pupil funding for public education. No surprise there, since the state's large student population has made it difficult to be anything but last in the nation for many years. But a deeper look at the report revealed how hard we are trying to fund Utah's education system.

In the early and mid-1990s, the paradox was quite stark - Utah's funding effort was very high, even fifth highest in the nation in 1995 and within the top 10 states for most of the decade. When Utahns complained about low per-pupil resources back then, at least we could say that it wasn't for lack of trying.

After 1995, however, a series of changes in state policy began to reduce Utah's education funding effort. Utah first fell out of the top 10 states for effort in 1999, and the effort has continued to slide until the latest data showed Utah at 27th, falling below the national average for the first time in memory.

Utah's extraordinary funding effort was reduced through four major tax and budget reforms in the 1990s: 1) the homeowners' exemption for property tax was more than doubled, 2) the statewide basic property tax levy for schools was cut in half, 3) the basic property tax levy was allowed to "float," leading to rate decreases nearly every year since, and 4) the constitution was changed to allow higher education to receive some of the income tax, which had been dedicated entirely to public education.

This sounded reasonable. Why not let the colleges share in the state's income tax growth when the economy was growing rapidly? But once the Legislature began transferring some of the income tax to higher education, there wasn't enough left to

make up for reduced school property taxes, and Utah's funding effort for public education began to decline immediately.

In reality, most of the income tax funding transferred to higher education was offset by a reduction in state general fund money, so the colleges really didn't gain much from the change. However, this transfer allowed programs for health, human services, prisons, and transportation projects to grow with the newly released general fund dollars.

Utah Foundation calculates that if the funding effort for public education had been maintained at the 1995 level, Utah schools would have had \$600 million more in 2004. With that \$600 million, schools would have received \$1,200 per pupil more in revenue, and Utah's national ranking would have been 47th, instead of last in the nation.

Utah Foundation internet web site can be found at <a href="http://www.utahfoundation.org/research/rr674.html">http://www.utahfoundation.org/research/rr674.html</a>.

According to the Utah Department of Workforce Services, Utah's economic conditions have improved. The following is the most recent data available from the Department of Workforce Services (http://jobs.utah.gov/opencms/wi/press/2001press/ratejul06.pdf):

- Utah's non-farm wage and salaried jobs registered a year-over increase of 4.7%.
- Approximately 53,900 new jobs have been created in the Utah economy over the past year.
- Utah's unemployment rate decreased 0.8% over the past year.

Mark Knold, Senior Economist for the Department of Workforce Services commented, "The Utah economy has probably reached the peak of the current cycle of employment growth. I anticipate that as we finish out the remainder of this year, Utah's employment growth rate will not rise further. It will probably start to recede a bit, slowly moving back toward the lower 4- percent range...I see two factors causing this moderation. First, Utah's low unemployment rate implies full employment in the labor market, to the point where finding additional workers for more job expansion may become restrictive. Second, multiple indicators suggest the national economy is slowing, and this is bound to have a small trickle-down affect upon Utah" http://jobs.utah.gov/opencms/wi/press/2001press/ratejul06.pdf.

Beaver County Economic Conditions According to the Utah Department of Workforce Services, Beaver County's economic conditions have improved. The following is the most recent data available from the Department of Workforce Services (http://jobs.utah.gov/opencms/wi/regions/western/beaver/bfacts.pdf):

- The labor force has increased from 3,098 (2002) to 3,300 (2005).
- The unemployment rate has reduced from 4.6% (2002) to 4.1% (2005)
- Average family income (from IRS returns) have been gradually increasing from \$34,654 (2001) to \$38,097 (2004).
- Per capita income has increased from \$24,105 (2001) to \$24,223 (2004).
- The average monthly non-farm wage has increased from \$1,780 (2002) to

\$2,154 (2005)

- New residential building permits have increased from 32 (2002) to 36 (2005).
- New residential building permits in value have increased from \$4,107,500 (2002) to \$8,642,800 (2005).

The economic outlook of the District is also dependent on locally assessed property taxes, providing 21.2% of General Fund revenues. Beaver County School District's overall property tax rate was 5<sup>th</sup> out of 40 public education school districts in the state for the fiscal year ending June 30, 2006 (tax year 2005). The most recent data available from the Utah State Office of Education indicates the District was ranked 16<sup>th</sup> out of 40 public education school districts in the state for its assessed property valuation per student (fiscal year 2005, tax year 2004).

#### RELEVANT FINANCIAL POLICIES

### Budgetary Control

The District adopts an annual budget for all revenues and expenditures; the adopted budget serves as the financial operating plan through the fiscal year. Revisions may be implemented during the year, and revisions are approved and authorized by the Board of Education through public hearing.

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. During June of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.

Utah Code Annotated, Section 53A-19-104 states, "A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves."

The level at which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total revenue budget of a given fund.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22, at which time the budget is legally adopted by resolution of the Board of Education after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August, through public hearing and through Board of Education approval, when data is available to set tax rates.

### Risk Management

The District participates in the workers compensation program administered by the Utah School Boards Association. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the State Division of Risk Management system and the Utah School Boards Association system are pooled arrangements where the participating entities pay annual premiums which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures sizeable losses to preserve the capital base.

Cash

The District maintains a cash and internal investment pool that is available for use by all

### Management

funds. This pool has deposits, money market agreements, and other investments with varying maturity dates and interest rates. During the fiscal year ended June 30, 2006, total interest earnings were \$26,188. Interest rates for investments varied from .55 percent to 5.01 percent throughout the fiscal year.

The Utah Money Management Act with the state Money Management Council governs the district's investment policies and provides a measure of depository protection. The council issues a list of qualified depositories to public treasurers quarterly and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately. The District considers the actions of the Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

### Debt Management

The District has two outstanding refunding series bond issues. For details regarding the debt financing of the District, please refer to the Management's *Discussion and Analysis*, the notes to the basic financial statements, and debt-related statistical tables in the *Statistics Section* of the report.

### Other Post-Employment Benefits

Through June 30, 2006, the District provided an early retirement incentive to those employees who worked 10 or more years for the District. This incentive provided health insurance benefits with coverage limited to the retired employee and spouse (if applicable). As of June 30, 2006, 16 retired District employees received this benefit. As of September 1, 2006, 12 retired employees will receive this benefit. The District has determined this benefit cannot be adequately funded in the future given the recent standards issued by the Governmental Accounting Standards Board (GASB 45 and 47); and consequently, the District will <u>not</u> provide this benefit to those employees who retire after June 30, 2006. The benefit will continue to be paid to those eligible early retirees who retired on or before June 30, 2006 until their benefit period has lapsed. This liability will no longer exist after fiscal year 2010 when the final benefits are paid.

### **ACKNOWLEDGEMENTS**

First, the District recognizes the impact that recent and future decisions will have upon each community in Beaver County, and we would like to thank our citizens and patrons for their cooperation, flexibility, and support. We recognize the District's future financial health is directly correlated with the support received from our parents, taxpayers, and volunteers.

Secondly, we express our appreciation to members of the Beaver County School District Board of Education. Their interest and support in conducting the financial affairs of the District was critical to the accomplishments made during fiscal year 2006.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire District office staff.

Most importantly, we express appreciation to all of the members of the departments and schools who assisted in the appropriate management, timely processing, and closing of the District's financial records. Their diligence and dedication is critical to the proper management of the District's financial assets and the overall delivery of quality services to District patrons.

Respectfully submitted,

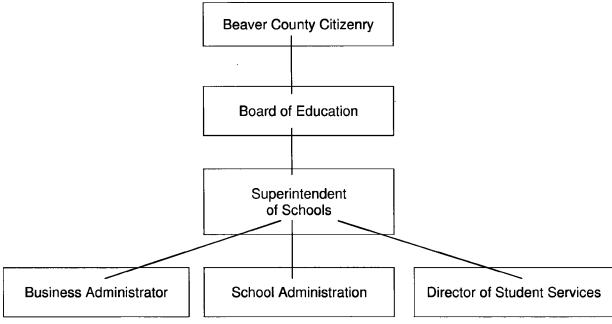
Ray James Terry, Ed.D. Superintendent of Schools

Todd S. Burke, CGFM Business Administrator

### Beaver County School District

### ORGANIZATIONAL CHART

For Fiscal Year Ended June 30, 2006



- Accounting
- Budgeting
- HR Management
- Payroll
- Accounts Payable
- Purchasing
- Financial Reporting
- Internal Audit
- Accounting Info. Systems
- School Accounting
- Food Services
- Risk Management

- K-12 Schools
- Staff Development
- Assessment
- Student Achievement
- Extra-curricular
- Emergency Prep.
- Special Ed./Title 1
- Reading Specialists
- Career Tech. Ed.
- Maintenance/Custodial

- Technology
  - School Info. Systems
  - Adult Education
  - Transportation
  - Concurrent Enrollment
  - Assessment & Curriculum

### Beaver County School District **ELECTED & APPOINTED OFFICIALS**

For Fiscal Year Ended June 30, 2006

**Board of Education** 

**District Administration** 

**School Administration** 

Carolyn White President Beaver City James Ray Terry, Ed.D. Superintendent of Schools John Nielsen Principal Milford High School

Wayne Wiseman Board Vice President Milford City Todd S. Burke, CGFM Business Administrator Larry Barnes
Principal
Milford Elementary School

Melissa Yardley Board Secretary Beaver City **Tracy Davis**Director of Student Services

Richard Albrecht
Principal
Minersville Elementary School
District Special Ed./Title 1

Mike Gillins
Minersville City
Milford Flats

LaRayne Brown Reading Specialist Douglas Albrecht
Principal
Belknap Elementary School

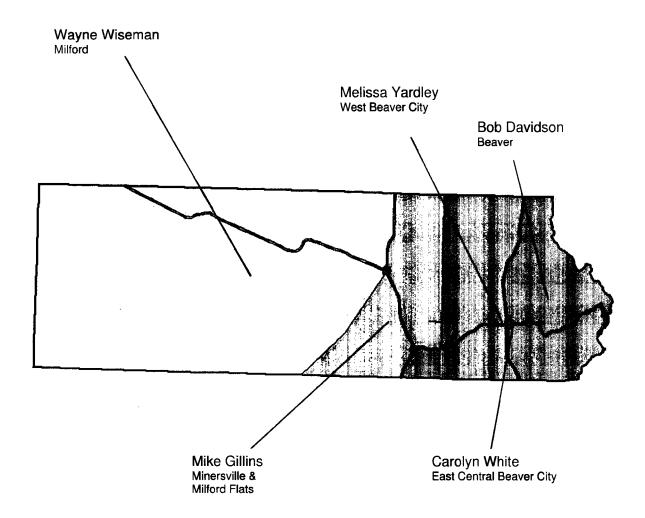
Bob Davidson
Finance Oversight
Beaver City
Greenville City

David Green
Principal
Beaver High School

Ben Dalton Principal Milford Elementary School (fiscal year 2007)

### Beaver County School District MAP - PRECINCTS OF THE BOARD OF EDUCATION

For Fiscal Year Ended June 30, 2006



# FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion & Analysis
- The Basic Financial Statements
- Notes to the Basic Financial Statements
- Combining & Individual Fund Financial Statements
   & Schedules



#### INDEPENDENT AUDITOR'S REPORT

Board of Education Beaver County School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver County School District (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

90 EAST 200 NORTH St. George, UT 84770 FAX: (435) 673-6166 (435) 673-6167 The management's discussion and analysis on pages 21 through 30 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hafen, Buckner, Everth & Graff, PC

October 31, 2006

### **MANAGEMENT'S DISCUSSION & ANALYSIS**

This section of Beaver County School District's (District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the year ended June 30, 2006. The MD&A is intended to provide an analysis directly related to the information presented in the transmittal letter found pages 1 through 13 of this report and the district's financial statements which follow the MD&A in this report.

### Financial Highlights

The following highlights are considered by the District to be critical factors in measuring the district's financial performance for the fiscal year ended June 30, 2006:

- Government-Wide Net Assets: The District's total net assets exceeded liabilities by \$730,753 at the close of fiscal year 2006.
- Government-Wide Financial Progress: During the year, expenses were \$5,069 less than the \$12,909,646 generated in taxes and other revenues for governmental activities. The fiscal year 2006 surplus of \$5,069 is greater than the \$(378,776) deficit for the year ended June 30, 2005.
- Governmental Funds: The District's combined fund balances exceeded liabilities by \$448,018 at the close of fiscal year 2006.
- Governmental Fund Financial Progress: During the year ended June 30, 2006, the combined fund balance decreased by \$(9,951). The \$(9,951) combined fund balance decrease is greater than the \$(6,713) combined fund balance decrease for fiscal year ended June 30, 2005.
  - The District's general fund makes up the largest proportional change of the overall total fund balance change among all governmental funds.

    The general fund balance decreased by \$(235,170) as compared to a \$87,829 increase in the prior year.
- The District's general fund is heavily dependent upon state aid. Revenues from state sources were 69.46 percent of the general fund's total revenues.

### Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The district's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### A. Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, early retirement obligations, and earned but not unused vacation leave.)

The government-wide financial statements can be found on pages 32 to 33 of this report.

### **B.** Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance and disclosure with this budget.

The basic governmental fund statements can be found on pages 34 to 38 of this report.

### C. Notes to the Basic Financial Statements

The notes provide additional information that is essential for full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39 to 58 of this report.

### D. Other information

Individual fund statements and schedules are presented immediately following the notes to the financial statements. Individual and combining statements and schedules can be found on pages 61 to 84 of this report. Additional financial and non-financial statistical data and trends are presented in the statistical section of the report.

### Government-Wide Financial Analysis

### A. Net Assets - Governmental Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$730,753 at the close of the most recent fiscal year.

Net assets of the District's governmental activities increased by \$5,069 (.7%) to \$730,753. However, net assets are classified as either restricted as to the purposes they can be used for or are invested in capital assets (land, buildings and improvements, equipment, etc.). Consequently, unrestricted net assets (-160.68% of total net assets) are \$(1,174,173) at the end of this year. This deficit has increased by \$1,240,568 as compared to the fiscal year 2005 surplus. The primary reason for this change is due to reclassification of net assets on the statement of net assets. In prior years, the previous administration classified the end of year general fund balance as the unrestricted net assets balance on the statement of net assets. This approach overstated unrestricted net assets and understated restricted net assets invested in capital assets, net of related debt. The District has changed this practice and has specifically identified restricted net assets invested in capital assets, net of related debt first before determining the amount for unrestricted net assets for fiscal year 2006.

This deficit does not mean that the District does not have resources to pay its obligations in the next fiscal year. Rather, it is the result of having long-term commitments that are greater than currently available resources, including capital assets. Specifically, the District did not include in past annual budgets the full amounts needed to finance future liabilities arising from early retirement obligations and earned but unused employee sick leave.

The largest portion of the District's net assets (143.18%) reflects its investment in capital assets (e.g. sites, buildings, equipment, and vehicles, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The District uses

these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (117.50%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets for debt service, capital projects, and food services constitute 32.56 percent of restricted net assets.

#### **BEAVER COUNTY SCHOOL DISTRICT'S Net Assets**

	Governmen			
	2006	2005	Total change (2006 less 2005)	
Current and other assets	<b>\$</b> 5, <b>206</b> ,373	\$ 5,267,631	\$ (61,258)	
Capital assets	15,215,556	16,039,140	(823,584)	
Total <b>ass</b> ets	20,421,929	21,306,771	(884,842)	
Current and other liabilities	5, <b>006,</b> 056	5,356,840	(350,784)	
Long-term liabilities outstanding	14,685,120	<b>15,</b> 224,2 <b>47</b>	(539,127)	
Total liabilities	19,691,176	<b>20,</b> 581,0 <b>87</b>	(889,911)	
Net assets:				
Invested in capital assets, net of related debt	1,046,309	267, <b>715</b>	<b>778,</b> 594	
Restricted	858,617	391, <b>574</b>	<b>467,</b> 043	
Unrestricted	(1,174,173)	66,3 <b>95</b>	(1,240,568)	
Total net assets	<b>\$ 730,753</b>	\$ 725,684	\$ 5,069	

### B. Changes in Net Assets – Governmental Activities

The District's total net assets increased by \$5,069 during the current year. Of the \$5,069 increase in total net assets, unrestricted net assets declined by \$(1,240,568). Restricted net assets increased by \$467,043 during the year ended June 30, 2006; the increase in restricted net assets, resulted primarily from unspent funds received during the year that are restricted, through enabling legislation, for capital projects, debt service, and restricted programs.

As compared to the prior year, the total cost of all programs and services increased by 2.97% to \$12,904,577. Instruction and support services (including food services) were 54.39 percent and 35.21 percent, respectively, of the District's expenses. Increases in expenses were primarily due to the District's response to the increases in state funding and increases in health insurance benefit costs for employees. Employees received a 1.25 percent annual salary increase in addition to a 1 percent holiday bonus.

Changes in federal and state aid are a reflection of changes in funding for specific programs and changes in student enrollment. State aid is based primarily one weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state

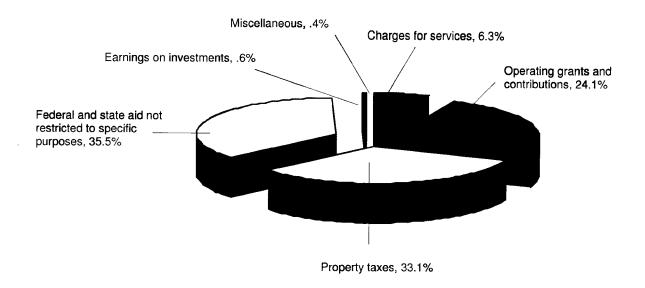
awards the District on WPU. The state guarantees that if local taxes do not provide money equal to the guarantee it will make up the difference with state funding. The value of the WPU increased by 4.49 percent during the year ended June 30, 2006 (\$2,280 during 2006 as compared to \$2,182 in 2005).

### **BEAVER COUNTY SCHOOL DISTRICT'S Changes in Net Assets**

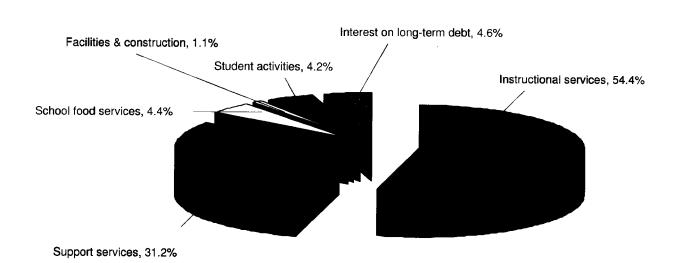
	Governmental activities  Total change				
	2006	2006 2005			
Revenues:					
Program revenues:					
Charges for services	<b>\$ 8</b> 10,6 <b>35</b>	<b>\$</b> 7 <b>26</b> ,185	\$ 84, <b>45</b> 0		
Operating grants and contributions	3,114,749	7,375,025	(4,260,276)		
General revenues:					
Property taxes	4,273,905	3,949,276	324, <b>62</b> 9		
Federal and state aid not restricted					
to specific purposes	4,582,931	-	4,582,931		
Earnings on investments	76,325	5,930	70 <b>,39</b> 5		
Miscellaneous	51,101	<b>97</b> ,027	(45,926)		
Total revenues	12,909,646	12,153,443	756,203		
!					
Expenses:					
Instructional services	7,019,152	6,645,663	37 <b>3,48</b> 9		
Supporting services					
Students	<b>39</b> 0, <b>423</b>	1 <b>46</b> ,571	243,852		
Instructional staff	89,9 <b>83</b>	1 <b>78</b> ,480	(88,497)		
District administration	523,058	709,427	(186, <b>36</b> 9)		
School administration	<b>7</b> 57,9 <b>99</b>	683,377	74,622		
Business	193,375	<b>87</b> ,359	106,016		
Operation and maintenance of plant	1,677,723	1,613,275	64, <b>44</b> 8		
Transportation	<b>39</b> 5,5 <b>65</b>	<b>362</b> ,145	33,420		
Central and other	2,286	<b>160</b> ,595	(158,309)		
School food services	572,66 <b>7</b>	470,769	101, <b>89</b> 8		
Facilities & construction	139,331	<b>386</b> ,318	(246,987)		
Student activities	547,032	<b>561</b> ,758	(14,726)		
Interest on long-term liabilities	595,983	5 <b>26</b> ,482	69,501		
Total expenses	12,904,577	12,532,219	372,358		
Changes in net assets	5,0 <b>69</b>	(378,776)	383, <b>84</b> 5		
Net assets, beginning	725,684	1,104,460	(378,776)		
Net assets, ending	\$ 730,753	\$ 725,684	\$ 5,069		
· -					

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements

### Revenues by Source – Governmental Activities



### Expenses by Function – Governmental Activities



### Governmental Fund Financial Analysis

The focus of the District's *governmental funds* is to provide information regarding near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District is accountable for the following governmental funds:

General Fund – used to account for funds associated with K-12 educational activities as well as those funds that do not meet the criteria for reporting in other governmental funds.

Special Revenue Funds:

Non K-12 Instruction Fund – used to account for funds that are restricted to programs that are not primary components of the District's K-12 education activities (e.g. adult education, special education preschool, recreation, etc.).

Food Services Fund – used to account for local, state, and federal funds restricted to breakfast, lunch, and other food service programs.

Student Activities Fund – to account for fees charged to students by schools for participation in curricular, extra-curricular, and other school-level activities.

Scholarship Fund – to account for funds entrusted to the Board of Education to select students, monitor, and manage college scholarship awards for District high school graduates. The Board is fully responsible for these assets.

Debt Service Fund – used to account for funds accumulated and restricted for payments of general long-term obligation debt.

Capital Projects Fund – used to account for funds generated through property taxes restricted for capital projects, non-general obligation debt, textbooks, and supplies as allowed by state law.

As the district completed the year, its governmental funds reported a combined fund balance of \$448,018, which is \$(9,951) less than the previous year. The primary reasons for the decrease in fund balance mirror those highlighted in the analysis of governmental activities. In addition, the following changes should be noted:

- The District's <u>General Fund</u> makes up the largest portion of the overall total fund balance change among all governmental funds. The <u>General Fund</u> fund balance decreased by \$(235,170) as compared to a \$87,829 increase in the prior year. The primary reason for this change in fund balance is due to the changes in accounting practices to provide for legal compliance related to interfund debt service transfers; The Debt Service Fund fund balance of \$193,962 accounts for most of this deficit and will be corrected in future years. A further explanation can be found on page 7 and page 52. The remaining amount of the deficit is due to special termination agreements and increases in employee salaries and benefits.
- The District's <u>Capital Projects Fund</u> fund balance increased by \$23,713 as compared to \$(186,361) decrease in the previous year. The District's capital projects fund received

\$189,197 more in property tax revenues as compared to the prior year; the increase in property tax revenues is due to a Board approved property tax increase and normal fluctuations in assessed valuations and new growth.

- The District's <u>Non K-12 Instruction Fund</u> fund balance decreased by \$(23,473). The
  decrease is due to a planned effort to expend residual funds associated with the
  recreation property tax levy for recreation-related expenditures.
- The District's <u>Student Activities Fund</u> fund balance increased by \$55,027. The increase
  is due to unspent student fees collected at the high school level.
- The District's <u>Debt Service Fund</u> fund balance increased by \$194,742. The increase is
  due to the debt service property tax levy being set higher than what was needed to pay
  for debt service principal and interest obligations. Readers should refer to page 7 and
  page 52 for further details.
- All other changes in fund balances are due to normal fluctuations in operational resources and property tax collections.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation <u>or</u> which have legal restrictions narrower than the fund for which the funds are reported in. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund.

### General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$(1,159,522) (11.41%) in total general fund revenues and a decrease of \$(886,467) in expenditures (8.83%). The most significant budget changes and variances may be summarized as follows:

- Positive variances in final budgeted revenue estimates for federal funding sources were
  offset by negative variances in final budgeted revenue estimates for state funding
  sources. The final approved budget included these amounts but were misclassified in
  the budget.
- Actual local revenues were \$100,662 greater than the final budgeted amounts. These
  revenue estimates are based upon projections for property tax collections and other
  miscellaneous collections. The variance is based upon a conservative budgeting
  approach taken by the District.
- The \$(206,272) overall negative variance between the actual and final budgeted General Fund expenditures is primarily due to budget misprojections for the operation and maintenance function. This variance is caused by utilities, salaries, benefits, and other

costs related to operating school buildings. The remaining negative variances in each function are offset by positive variances in other functions.

 The original budget for the general fund included revenues and expenditures for the student activities fund. The final approved budget separated the student activities fund revenues and expenditures from the general fund. Also, some property tax revenues were included twice in the original budget, and this was corrected in the final budget.

The remaining differences are due to on-going adjustments at the program and fund levels as new information is received by the District.

### Capital Assets & Debt Administration

### A. Capital Assets

The capital projects fund is used to account for the costs incurred in acquiring, maintaining, and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2006 and 2005 are provided below:

### **BEAVER COUNTY SCHOOL DISTRICT'S Capital Assets**

(net of accumulated depreciation)

· i			Total
į	Government	tal Activities	Change
	2006	2005	2006 less 2005
Land	1,297,984	1,297,984	-
Construction in progress	65,547	-	65, <b>547</b>
Buildings and improvements	13,540,359	14,003,435	(463,076)
Furniture and equipment	209,168	575 <b>,57</b> 7	(366,409)
Vehicles	102,498	162,144	(59,646)
<u> </u> 	15,215,556	16,039,140	(823,584)

Major capital asset events during the current fiscal year included the following:

- A new baseball fence was installed at Milford High at a cost of \$13,834.
- The 10<sup>th</sup> street center building was repurchased from Beaver City for use as a fitness center. This facility is being used by Beaver High School physical education classes and athletic teams as a weight training facility, and it is also being used by the community as a recreation facility. The cost of the purchase was \$36,227.
- New technology, office, and other equipment was purchased for \$62,028 during the year.

Additional information regarding the District's capital assets can be found on page 47 in Note 5 to the basic financial statements.

### **B.** Debt Administration

The general obligation bonded debt of the District is limited by state law to 4 percent of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is \$23.0 million. General obligation debt at June 30, 2006 is \$14.1 million, resulting in a legal debt margin of \$8.9 million.

### **BEAVER COUNTY SCHOOL DISTRICT'S Outstanding General Obligation Debt**

			Total
	Governmen	tal Activities	Change
	2006	2005	2006 less 2005
General obligation bonds	<b>\$14</b> ,085 <b>,00</b> 0	<b>\$15,110,0</b> 00	\$ (1,025,000)

Additional information regarding the District's long-term debt can be found on page 48 in Note 6 to the basic financial statements.

### **Changing Enrollments**

Beaver County School District's enrollment continues to steadily increase. The components for the changing enrollments, as measured by the District's audited S-3 enrollment audit for the last three fiscal years is provided below:

### BEAVER COUNTY SCHOOL DISTRICT'S Enrollment Changes (2004 – 2006)

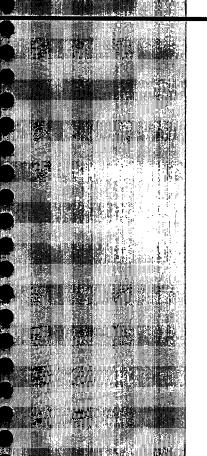
	2004	2005	2006
K-12 students	1,441	1,485	1,494
Self-contained	20	18	16
Full enrollment	1,461	1,503	1,510

### Request for Information

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Beaver County School District, P.O. Box 31, 291 North Main, Beaver, Utah, 84713.

# BASIC FINANCIAL STATEMENTS

financial section



- Statement of Net Assets
- Statement of Activities
- Balance Sheet, Governmental Funds
- Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Activities
- Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund
- Notes to Basic Financial Statements

### Beaver County School District Statement of Net Assets

June 30, 2006

	Governmental Activities	
Assets:	\$	792,915
Cash and temporary cash investments Accounts, taxes, and grants receivables:	Φ	792,913
Local property taxes		3,710,644
		3,178
Local		18,503
State		560,982
Federal		120,151
Prepaid expenses		120,131
Capital assets:		1,363,531
Land and construction in progress		13,852,025
Buildings, equipment, net accumulated depreciation  Total assets		20,421,929
Total assets		20,421,929
Liabilities:		
Accounts payable		133,039
Accrued interest payable		247,702
Payroll and related payables		872,042
Unearned revenue:		
Property taxes		3,728,273
Other unearned revenues		25,000
Noncurrent liabilities:		,
Due within one year		1,313,745
Due in more than one year		13,371,375
Total liabilities		19,691,176
Net Assets:		4 0 40 000
Invested in capital assets, net of related debt		1,046, <b>309</b>
Restricted for:		100.000
Debt service		193,962
Capital projects		27,628
Non K-12 Instruction		45,483
School food services		16,376
Student activities		219,931
Scholarship		89,514
Restricted programs		265,723
Unrestricted		(1,174,173)
Total net assets	\$	730,753

The notes to the basic financial statements are an integral part of this statement.

# **Beaver County School District Statement of Activities**

Year Ended June 30, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Functions	Expenses		Charges for Services		Operating Grants and Contributions		Total Governmental Activities	
Governmental activities:			_				-	
Instructional services	\$ 7,019,152	\$	<b>79</b> ,106	\$	2,494,824	\$	(4,445,222)	
Supporting services:	Ţ 1,010,10 <u>2</u>	•	70,100	Ψ	2,404,024	Ψ	(4,445,222)	
Students	390,423		537		73,089		(316,797)	
Instructional staff	89,983		-		70,003		(89,983)	
District administration	523,058				_		(523,058)	
School administration	757, <b>99</b> 9		_		_		(757,999)	
Business	193,375		_		-		(193,375)	
Operation and maintenance of plant	1,677,723		-		-		(1,677,723)	
Transportation	395,565		-		178,683		(216,882)	
Central	2,286		-		-		(2,286)	
School food services	572,667		130,703		368,153		(73,811)	
Facilities & construction	139,331				-		(139,331)	
Student activities	547,032		600,289		_		53,257	
Interest on long-term liabilities	595,983		•		-		(595,983)	
Total school district	\$ 12,904,577	\$	810,635	\$	3,114,749	\$	(8,979,193)	
	General Revenues Property taxes lev General purpose K-3 reading Transportation	ied for:					1,7 <b>91,5</b> 56 <b>32,</b> 037 <b>100,</b> 115	
	Recreation						87,601	
	Debt service						1,7 <b>99,5</b> 65	
	Capital outlay						463,031	
	Federal and state	aid not	restricted to	specif	ic purposes		4,582,931	
	Earnings on inves	tments					76,325	
	Miscellaneous						51,101	
	Total general	revenu	ies				8,984,262	
	Changes in net	assets					5,069	
:	Net assets - begin						725,684	
	Net assets - endi	ng				\$	7 <b>30</b> ,753	

The notes to the basic financial statements are an integral part of this statement.

### Beaver County School District Balance Sheet Governmental Funds

June 30, 2006

	Maio	or Funds		·	
	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
Assets:	<b>6</b> 040,000	A 001.00E	ф 272 <b>Б</b> 00	e 702.015	
Cash and temporary cash investments	\$ 218,030	\$ 201,385	\$ 373,500	<b>\$</b> 792,915	
Accounts, taxes, and grants receivables: Local property taxes	1,670,181	1,562,399	478.064	3,710,644	
Other local	3,178	1,002,000		3,178	
State	-	_	18,503	18,503	
Federal	532,820	-	28,162	560,982	
Due from other funds	2,241	-	,	2,241	
Prepaid expenditures	120,151			120,151	
Total assets	2,546,601	1,763,784	898,229	5,208,614	
Liabilities and fund balances: Liabilities:					
Accounts payable	131,408	-	1,632	133,040	
Payroll and related payables	856,953	-	1 <b>5,08</b> 9	872,042	
Due to other funds Deferred revenue:	-	-	2,241	2,241	
Property taxes	1,678,116	1,569,822	48 <b>0,3</b> 35	<b>3,72</b> 8,27 <b>3</b>	
Other deferred revenues	25,000			25,000	
Total liabilities	2,691,477	1,569,822	499,297	4,760,596	
Fund balances: Reserved for: Debt service	-	193,962	-	193,962	
Restricted programs	<b>26</b> 5,723	-	354,928	620,651	
Unreserved:  Undesignated, reported in:					
General fund	(410,59 <b>9</b> )	•	-	(410,599)	
Capital projects fund Special revenue funds:	-	-	27,628	27,628	
School food services			16,376	16,376	
Total fund balances	(144,876)	193,962	398,932	448,018	
Total liabilities and fund balances	<b>\$ 2,54</b> 6,601	\$ 1,763,784	\$ 898,229	<b>\$ 5,20</b> 8,61 <b>4</b>	

## Beaver County School District Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2006

Total fund balances for governmental funds		\$	448,018
Amounts reported for governmental activities in the statement of net assets are di	fferent because:		
Capital assets used in governmental funds are not financial resources and the reported in the funds. Those assets consist of:	nerefore are not		
Land Construction in progress	1,297,984 65,547		
Buildings and improvements, net \$8,817,852 accum. depreciation	13,540,359		
Furniture and equipment, net \$2,437,713 accum. depreciation Vehicles, net \$997,476 accum. depreciation	209,168 102,498	15	5,215,556
Interest on long-term debt is not accrued in governmental funds, but rather is an expenditure when due.  Long-term liabilities that pertain to governmental funds, including bonds payand payable in the current period and therefore are not reported as fund liabilities, both current and long-term, are reported in the statement of net as	able, are not due ilities. All		(247,702)
at year-end are:			
Bonds payable	(14,085,000)		
Obligations under capital leases, net \$91,743 unspent proceeds	-		
Obligations under notes payable obligations	(8 <b>4,24</b> 7)		
Accrued sick leave	(213,097)		
Early retirement payable	(302,775)	(14	1,685,119)
Total net assets of governmental activities		<u> </u>	730,753

### Beaver County School District Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2006

	Major	Funds	_	
			- Other	Total
		Debt Service	Governmental	Governmental
	General Fund	Fund	Funds	Funds
Revenues:				
Local sources:				
Property taxes	\$ <b>1,</b> 923,7 <b>08</b>	\$ 1,799, <b>565</b>	<b>\$</b> 550,632	<b>\$ 4,27</b> 3,905
Food service sales	-	-	1 <b>30,7</b> 03	<b>13</b> 0,703
Earnings on investments	44,033	21,111	11,181	76,325
Other local	154,8 <b>92</b>	=	<b>613,8</b> 97	<b>76</b> 8,789
State of Utah	6,338,540	-	3 <b>28,9</b> 36	6 <b>,6</b> 67,476
Federal government	664,586		327,862	992,448
Total revenues	9,125,759	1,820,676	1,9 <b>63,2</b> 11	12,909,646
Expenditures:				
Current:				
Instructional services	<b>5,</b> 987, <b>508</b>	-	31 <b>8,</b> 178	6,305,686
Supporting services:				
Students	245,001	-	5,000	<b>25</b> 0,001
Instructional staff	86,604	-	-	86,604
District administration	475,844	-	2,448	478,292
School administration	716,217	-	-	716,217
Business	186,114	-	•	186,114
Operations and maintenance of plant	1,341,343	-	2 <b>80</b> ,135	<b>1,62</b> 1,478
Student transportation	320, <b>098</b>	-	<b>2,4</b> 13	<b>32</b> 2,51 <b>1</b>
Central	2,200	-	-	2,200
School food services	•	-	5 <b>24,9</b> 55	<b>52</b> 4,955
Community services	-	-	-	-
Facilities and construction	-	-	2 <b>22,5</b> 73	<b>22</b> 2,57 <b>3</b>
Student activities	-	-	547,032	<b>54</b> 7,032
Debt service:				-
Principal retirement	-	1,025 <b>,355</b>	<b>30,</b> 000	1 <b>,05</b> 5,35 <b>5</b>
Interest, fiscal charges, and issuance fees		600,579		<b>60</b> 0,579
Total expenditures	9,360,929	1,625,934	1,932,734	<u>12,91</u> 9,597
Net change in fund balances	(235,170)	194, <b>742</b>	30,477	(9,951)
Fund balances - beginning	90,294	(780)	368,455	457,969
Fund balances - ending	\$ (144,876)	<b>\$</b> 193, <b>962</b>	\$ 398,932	<b>\$ 44</b> 8,018

### Beaver County School District Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2006

Net change in fund balances-total governmental funds	\$ (9,951)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial cost or basket purchase cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.	
Capital outlays 177,636	
Depreciation expense - capital assets (1,001,220)	(823,584)
Repayment of principal for general bond obligations is reported as an expenditure in the governmental funds, but repayment of principal is applied to the liability in the statement of net assets and reduces the District's obligations. Interest expense is recognized in the statement of net assets as it accrues.	
Repayment of bond principal 1,025,000	
Bond interest expense 4,952	1, <b>029</b> ,952
Repayment of principal is reported as an expenditure in the governmental funds for notes payable obligations, but repayment of principal is applied to the liability in the statement of net assets and reduces the District's obligations. Interest expense is recognized as it accrues.	30,000
In the statement of activities, obligations for compensated absences (sick leave) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
Accrued sick leave payable (compensated absences) (113,109) Accrued early retirement payable (special termination benefits) (108,239)	(221,348)
Change in net assets of governmental activities	\$ 5,069

# Beaver County School District Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund

Year Ended June 30, 2006

	Budgeted	Amounts		
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Local sources:			4	
Property taxes	<b>\$ 1,872,023</b>	<b>\$ 1</b> ,912 <b>,948</b>	\$ 1,9 <b>23,</b> 708	\$ 10,76 <b>0</b>
Food service sales	• • = = = = = = = = = = = = = = = = = =	-	-	-
Earnings on investments	3,500	2,200	44,033	41,833
Other local	652,511	106,823	154,892	48,069
State of Utah	6,996,038	6,426, <b>326</b>	6,338,540	(87,786)
Federal government	641,256	557, <b>509</b>	664,586	107,077
Total revenues	10,165,328	9,005,806	9,125,759	119,953
Expenditures:				
Current:				
Instructional services	<b>6</b> ,531,0 <b>80</b>	6,300,497	5, <b>987,</b> 508	<b>3</b> 12,98 <b>9</b>
Supporting services:				
Students	136,951	164 <b>,964</b>	245,001	(80,037)
Instructional staff	247,950	108 <b>,250</b>	<b>86</b> ,604	21,646
District administration	358,9 <b>70</b>	453, <b>498</b>	475,844	(22,346)
School administration	706,3 <b>30</b>	714,932	<b>716,2</b> 17	(1,2 <b>85)</b>
Business	118, <b>114</b>	113, <b>79</b> 5	186,114	(72,31 <b>9</b> )
Operations and maintenance of plant	1,663,7 <b>39</b>	938 <b>,820</b>	1, <b>341,</b> 343	(402,523)
Student transportation	277,990	285, <b>442</b>	<b>320,</b> 098	(34,65 <b>6</b> )
Central		74,459	2,200	72,259
Total expenditures	10,041,124	9,154,657	9,3 <b>60,</b> 929	(206,272)
Net change in fund balances	124,204	(148 <b>,851</b> )	(235,170)	(86,319)
Fund balances - beginning	90,294	90, <b>294</b>	90,294	<u> </u>
Fund balances - ending	\$ 214,498	\$ (58,557)	\$ (144,876)	\$ (86,319)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Beaver County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units in general and Utah school districts in particular. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The more significant accounting policies of the District are described below:

#### A. Reporting Entity

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. The District is not a component unit of any other primary government.

#### **B.** Government-Wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District). These statements include the financial activities of the overall government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions.

As a general practice, interfund activity has been eliminated from the government-wide financial statements in order to avoid double counting. Exceptions to this general rule are payments made between functions for internal services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function and program.

Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

#### C. Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Debt Service Fund accounts for resources accumulated and payments made for principal and interest of general obligation school building bonds.

The District reports the following nonmajor special revenue funds and capital projects fund which receive revenues that are restricted to expenditures for specific purposes:

- Food Services to account for preparation and serving of breakfast and school lunch.
- Non K-12 Instruction to account for preschool, adult education, recreation, and other non K-12 programs.
- Student Activities to account for fees collected at the school level from students for curricular and extra-curricular programs.
- Scholarship to account for assets and expenditures for which the Board is fiscally accountable for in awarding college scholarship funds to graduating students.
- Capital Projects to account for resources accumulated and payments made for the
  acquisition, maintenance, improvement of sites, construction and remodel of
  facilities, and procurement of equipment necessary for providing education programs
  for all students within the District.

### D. Measurement Focus, Basis of Accounting, & Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. However, receivables associated with the Student Activity fund, where collectibility is questionable, are not recognized as assets (and corresponding liabilities) in the Student Activity fund; recognition of these receivables occurs at the time of collection. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, early retirement and post employment healthcare benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs with a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

#### E. Budgets and Budgetary Accounting

The District operates within budget requirements for school districts as specified by state law and as interpreted by the State Superintendent of Public Instruction. Budgets are presented on the modified-accrual basis of accounting for all governmental funds consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- During June of each year, the District Superintendent submits to the Board a
  proposed operating budget for the next fiscal year commencing July 1. This budget
  includes proposed expenditures and the means for financing them. Included also is
  a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection before the Board hearing in which the Board adopts the proposed budget.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the tax rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the Superintendent can approve reductions in appropriations, but increases in appropriations, at the fund level, require a public

hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given governmental fund; transfers between governmental funds are prohibited.

- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2006, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

**Encumbrances** – Encumbrance accounting, under which purchase orders for goods and services are recorded in order to restrict that portion of the applicable appropriation, is used to facilitate comparisons with budgets. Outstanding encumbrances lapse at year-end, and appropriations for the subsequent year are used to honor these commitments.

#### F. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to programs based on the average balance of each participating program.

#### G. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the Public Treasurer's Investment Fund (PTIF).

#### H. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements between funds outstanding at year-end, are referred to as either "due to/from other funds".

#### I. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an individual or basket purchase cost of \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized when the assets are acquired and placed into operation and/or as construction occurs. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & improvements	40
Furniture	7
Office & computer equipment	5
Motor vehicles	5

#### J. Comparative Data and Reclassifications

Comparative data for the prior year is presented in certain sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been restated and reclassified in order to be consistent with current year's presentation. The prior year restatement is presented in Note 15 on page 56.

#### K. Expenditure Driven Grants - Variances Between Budget and Actual Data

Expenditure driven grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures can be significantly different than the amounts budgeted.

#### L. Compensated Absences and Special Termination Benefits

Compensated absences and special termination benefits are typically paid for by resources from the District's general fund. However, it is the District's policy to use resources from other funds, when the other funds directly funded the employees' related position(s), to pay for these costs. Consequently, minimal costs related to these benefits are periodically funded by funds other than the general fund when it is reasonably practical to do so.

Under terms of agreements with employee associations, eligible employees can earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an eligible employee is reimbursed for accumulated sick leave days, to a maximum of 180 days, at \$55 per day. No reimbursement or accrual is made for unused vacation days. All unused sick leave days are accrued in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The District provided an early retirement incentive to eligible employees. This incentive provides health care insurance to eligible retiring employees to a maximum of five years. Amounts for these liabilities are accrued in the government-wide financial statements; however, a liability for these amounts is reported in the governmental funds only if they have matured.

Refer to Notes 6 and 7 beginning on page 48 for a description of these long-term obligations.

June 30, 2006

#### M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for restricted purposes. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change.

#### O. Inventories

The District does not maintain a warehouse or other storage facility for material levels of inventory. Inventories on hand in school district facilities at year-end are immaterial and are not included in the balance sheet or statement of net assets.

#### P. Indirect Costs

As a general practice, the District did not charge programs for indirect costs during fiscal year 2006.

#### Q. Designated for Undistributed Reserve

Utah law (53A-19-103) allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. The reserve is for contingencies. According to state law, the District may not use the undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

#### R. Use of Estimates

Presenting financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates concerning assets, liabilities, revenues, and expenses.

#### 2. DEPOSITS AND INVESTMENTS

#### A. Deposits

<u>Deposits – Custodial Credit Risk</u> – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2006, the District's exposure to custodial credit risk for deposits was as follows:

Depository Account	<u>Location</u>	Custodial Credit Risk	Balance June 30, 2006
Regular Checking	District	Insured	<b>\$</b> 325, <b>52</b> 1.23
Certificate of Deposit	District	Insured and uncollateralized	89,514.00
Money Market	District	Insured and uncollateralized	91,782.62
Money Market	District	Insured and uncollateralized	1,657.26
Regular Checking	Beaver High School	Insured	31,952.37
Certificate of Deposit	Beaver High School	Insured and uncollateralized	52,078.78
Regular Checking	Milford High School	Insured	51,607.83
Certificate of Deposit	Milford High School	Insured and uncollateralized	52,078.78
Regular Checking	Belknap Elementary	Insured	10,863.17
Regular Checking	Milford Elementary	Insured	12,993.71
Regular Checking	Minersville Elementary	Insured	13,055.19
		Total	\$ 733,104.94

Accounts insured are covered through the Federal Deposit Insurance Corporation (FDIC) and are insured to a maximum of \$100,000.

#### **B.** Investments

The District's investments are managed through participation in the state Public Treasurer's Investment Fund. As of June 30, 3006, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	Fair Value
Public Treasurer's Investment Fund	90 days average maximum	\$226,593.54

<u>Investments – Interest Rate Risk</u> – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments - Credit Risk - The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurer's Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act and does not carry a quality rating. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

<u>Investments – Custodial Credit Risk</u> – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk.

The combined book value of investments and deposits Is \$792,915. The difference between the book value and bank balances is due to outstanding warrants that have not cleared the District's regular checking account as of June 30, 2006.

#### 3. PROPERTY TAXES

For both budgeting and accounting purposes, property taxes are accounted for on a modified-accrual basis, with appropriate recognition of property taxes receivables at year-end. The District has recorded a corresponding property tax deferral for taxes assessed January 1 but not due and collectible within sixty days of the end of the fiscal year.

The property tax revenue of the District is collected and distributed by the Beaver County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess a lien on real property as of January 1 and complete the tax rolls by May 15. The District's Board of Education is required to adopt its initial budget for the next fiscal year by June 22; this initial budget adoption establishes tax levy rates to provide resources to fund District operations for the next fiscal year beginning July 1. If the proposed District budget requires changes to levied tax rates, which are above the tax levy rates certified by the Utah State Tax Commission, the District may be required to meet specific due process requirements as outlined in the Utah Truth-in-Taxation laws by August 17. By July 21, the county auditor is to mail assessed values and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes.

including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based' fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes (becomes available) motor vehicle fees as property tax revenue when the county collects it and remits the collections to the District.

The District received \$50,138 in miscellaneous collections from the county Treasurer. This amount was primarily comprised of interest earnings on property taxes collected by the Treasurer, on behalf of the District, and remitted to the District with the final annual property tax settlement with the County. This amount was proportionally allocated to each governmental fund based upon individual property tax levies which the District assesses. This amount is included in the "earnings on investments" revenue source in the governmental fund financial statements.

#### 4. INTERFUND BALANCES AND ACTIVITY

On June 30, 2006, the student activities fund (nonmajor fund payable) reported a "Due to other funds" of \$2,241, and the general fund (major fund) reported a corresponding receivable. This amount was for fees collected at the school level and due to the general fund. This is the total aggregate amount of all governmental activities' interfund payables and receivables due at year end.

#### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,297,984	\$ -	\$ -	\$ 1,297,984
Construction in progress	· · · · · ·	65,547	•	65,547
Total capital assets, not being depre	1,297,984	65,547		1,363,531
Capital assets being depreciated:				
Buildings and improvements	22,308,150	50,061	-	22,358,211
Furniture and equipment	2, <b>597</b> ,167	62,028	(12,314)	2,646,881
Vehicles	1 <b>,101</b> ,581	-	(1,608)	1,099,973
Total capital assets being depreciate	26 <b>,006</b> ,898	112,088	(13,922)	26,105,064
Accumulated depreciation for:				
Buildings and improvements	(8,304,715)	(513,137)	-	(8,817,852)
Furniture and equipment	(2,021,590)	(428,437)	12,314	(2,437,713)
Vehicles	(939,437)	(59,647)	1,608	(997,476)
Total accumulated depreciation	(11,265,742)	(1,001,220)	13,922	(12,253,040)
Total capital assets, being deprecial		(889,131)		13,852,025
Governmental activities capital assets, net	\$ 16,039,140	\$ (823,584)	\$ -	\$ 15,215,556

For the year ended June 30, 2006, depreciation expense was charged to functions of the District as follows:

	Furniture &		Buildings & Improvements		Total Depreciation Expense		
Governmental activities:							
Instruction	\$	256,3 <b>56</b>	\$ -	\$	279 <b>,32</b> 8	\$	5 <b>35</b> ,685
Supporting services:							-
Students		9,7 <b>53</b>	-		130,724		140,477
Instructional staff		3,3 <b>79</b>	-		-		3,379
District administration		18,6 <b>59</b>	-		3 <b>4,20</b> 2		52,861
School administration		27,941	_		18,791		46,732
Business		7,261	_		-		7,261
Operations and maintenance of plant		63,2 <b>57</b>	-		-		63,257
Student transportation		12,5 <b>82</b>	59,647		-		72,228
Central		86	•		-		86
School food services		19,5 <b>90</b>	-		50 <b>,09</b> 1		<b>69,</b> 682
Community services		-	-		-		-
Facilities and construction		9,572	-		-		9,572
	\$	428,437	\$ 59, <b>647</b>	\$	513, <b>13</b> 7	\$	1,001,220

#### 6. LONG-TERM OBLIGATIONS

#### A. Changes in Long-Term Obligations

Long-term liability activity for the year ended June 30, 2006 is as follows:

Governmental activities:		Beginning Balance	Additions	Reductions	Ending Balance	L Di	oncurrent iabilities ue Within one Year
Governmental activities:			•				
General obligation bonds	\$	<b>15,110,000</b>	\$ -	\$ 1 <b>,02</b> 5,000	\$ 14,085,000	\$	920,000
Obligations under notes payable		114,247	-	<b>30</b> ,000	84,247		<b>30</b> ,000
Accrued sick leave payable		99,9 <b>89</b>	123,064	9,955	213,098		213,098
Early retirement payable		194,536	226,583	118,344	302,775		150,647
Total governmental activities	_\$	15,518,772	\$ 349,647	\$ 1,183,299	\$ 14,685,120	\$	1,313,745

#### **B.** General Obligation Bonds Payable

Bonds payable at June 30, 2006, are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Purpose	Original Amount	Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2004 Series A. Refunding Bonds	School Building	\$ 9,910,000	3.00% to 4.00%	February 1, 2019	\$ 9,410,000
2004 Series B. Refunding Bonds	School Building	\$ 5,920,000	3.00% to 5.00%	February 1, 2013	4,675,000
Total Ger	neral Obligation Bo	nds Payable as	of June 30, 2006		\$ 14,085,000

Debt service requirements to maturity, including interest for the general obligations bonds payable, are as follows:

Year Ending June 30	Principal	Interest	Debt Service Fund
2007	\$ 920,000	\$ 572,098	\$ 1,492,098
2008	865,000	544, <b>498</b>	1,409,498
2009	890,000	517,948	1,407,948
2010	915,000	488, <b>704</b>	1,403,704
2011	950,000	456, <b>052</b>	1,406,052
2012 - 2016	5,520,000	1,698,5 <b>20</b>	7,218,520
2017-2019	4,025,000	409, <b>250</b>	4,434,250
	\$14,085,000	\$ 4,687,070	\$ 18,772,070

#### C. Long-Term Notes Payable

The District is obligated for annual payments in exchange for property received in 1998; the original amount owed from this arrangement was \$350,000. Principal and interest payments are funded by the District's Capital Projects Fund, and the annual interest rate owed is 10 percent. Debt service requirements to maturity, including interest for the note is as follows:

Year Ending					Cap	ital Projects
June 30	P	rincipal	la la	nterest		Fund
2007	\$	30,000	\$	8,425	\$	38,425
2008		30,000		5,425		35 <b>,42</b> 5
2009		24,247		2,425		26,672
	\$	84,247	\$	16,275	\$	100,522

#### D. COMBINED MATURITIES ON LONG-TERM BORROWINGS

The combined aggregate amounts of maturities on all long-term borrowings (general obligation bonds and notes payable) are as follows:

Year Ending			
June 30	Principal Principal	Interest	Total
2007	950,000	580,523	1,530,523
2008	895,000	549,9 <b>23</b>	1,444,923
20 <b>09</b>	914,247	520,373	1 <b>,43</b> 4,62 <b>0</b>
201 <b>0</b>	915,000	488,704	1 <b>,40</b> 3,70 <b>4</b>
2011	950,000	456,0 <b>52</b>	1,406,052
2011 - 2015	5,520,000	1,698,5 <b>20</b>	7,218,520
2016 - 2017	4,025,000	409,2 <b>50</b>	4,434,250
	\$14,169,247	\$ 4,703,345	\$ 18 <b>,87</b> 2,59 <b>2</b>

#### 7. RETIREMENT PLANS

#### A. Defined Benefit Plan

The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated (1953) as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the State and School Contributory Retirement System are required to contribute 6.000% of annual covered salary, and the District contributes 8.890% of annual covered salary. For employees participating in the state and school Noncontributory System, the District contributes 13.380% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plan's provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

The Beaver County School District contributions (including employee contributions paid by the employer) to the State and School Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004 were \$578.27, \$0, \$2,134.67, respectively, and for the

Noncontributory Retirement system the contributions for June 30, 2006, 2005, and 2004 were \$536,614, \$501,862.90, and \$457,252.87 respectively. The contributions were equal to (100%) the required contributions for each year.

#### **B.** Defined Contribution Plans

The District also participates in a defined contribution plan under Internal Revenue Service Code Section 40 (k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. Beaver County School District's contributions made for employees for the years ended June 30, 2006, 2005, and 2004 were \$69,062.38, \$64,916.00, and \$66,141.75 respectively; the employee contributions for years ended June 30, 2006, 2005, and 2004 were \$66,903.70, \$48,220.07, and \$53,055.55 respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS. The contribution requirements of the systems are authorized by statute and specified by the Utah State Retirement Board; amendments to the plans provisions and contribution requirements must be authorized by statute and the Utah State Retirement Board.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participation. Employee contributions to the Section 457 plan totaled \$100.00 for the year ended June 30, 2006. The assets of the plan are administered and held by URS and a third-party administrator.

#### C. Early Retirement Incentive

Through June 30, 2006, the District provided an early retirement incentive to those employees who worked 10 or more years for the District. This incentive provided health insurance benefits with coverage limited to the retired employee and spouse (if applicable). As of June 30, 2006, 16 retired District employees received this benefit. As of September 1, 2006, 12 retired employees will receive this benefit. The District has determined this benefit cannot be adequately funded in the future given the recent standards issued by the Governmental Accounting Standards Board (GASB 45 and 47); and consequently, the District will <u>not</u> provide this benefit to those employees who retire after June 30, 2006. The benefit will continue to be paid to those eligible early retirees who retired on or before June 30, 2006 until their benefit period has lapsed. This liability will no longer exist after fiscal year 2010 when the final benefits are paid. The District has also included \$99,072 in this liability for early retirement voluntary termination arrangements which also end in 2010. Future obligations related to the liability for these individuals are estimated as follows based upon an annual health insurance inflation rate of 11.1%:

Year Ending	Estimated Total Liability at		stimated Amount Due
June 30th	Year End	Du	ring Year
2007	\$ 302,775	\$	150,647
2008	152,128		83,0 <b>88</b>
2009	<b>69</b> ,039		45,5 <b>29</b>
2010	23,510		23,510
		\$	302,775

The fiscal year 2006 liability is included in the government-wide financial statements and in Note 6.

#### 8. GRANTS - CONTINGENT LIABILITY

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the applicable fund. As of the date of the independent auditor's report on page 19, the District had not receive any notification from any grant providing agency or government identifying any noncompliance liabilities associated with past District grant awards.

#### 9. CONTINGENT LIABILITY - PAYROLL TAXES

The District operated without an accountant for nearly five months while searching for a new business administrator. During this time, the District failed to remit payroll taxes to the Internal Revenue Service as required in I.R.S. Publication 15. In June, the District remitted the overdue payroll taxes to the I.R.S. with the hiring of a new accountant. However, the Internal Revenue Service notified the District in September 2006 it must pay penalties and interest of approximately \$35,000 for the late deposits with the I.R.S. The District believes it has a reasonable basis for appeal and to materially reduce this liability. Consequently, this liability is not accrued in the financial statements.

#### 10. LITIGATION AND LEGAL COMPLIANCE

#### A. Prior Years' Interfund Transfers From Debt Service Fund

During fiscal years 2003, 2004, and 2005, the District reported in its audited financial statements interfund transfers of \$1.24 million from the Debt Service Fund to the General Fund. The Utah State Office of Education, Utah Attorney General's Office, and the Utah State Auditor's Office conducted an investigation to determine a) whether or not a violation of Utah Code 53A-19-105(2) occurred, and b) whether or not any fraud occurred. Utah Code 53A-19-105(2) states that "except as otherwise provided in this section, school district interfund transfers of residual equity are prohibited." The District also sought legal advice to determine a) whether or not a violation of Utah Code 53A-19-105(2) occurred, and b)

whether or not any liability exists in regard to the prior years' interfund transfers, and c) what remedies were available to the District to remedy any liability that may exist.

The Utah State Auditor's Office conducted an in-depth internal control review over an extensive period of time. Although several internal control weaknesses were found, no fraud was detected during the review.

The Utah State Office of Education, in conjunction with the State Attorney General's Office, concluded (September 7, 2006) the following:

- o All of the transferred funds were utilized to pay authorized and legitimate debts of the District.
- o In transferring these funds, the District was relying on erroneous information from a certified accountant
- o A violation of this statute could entail the termination of all employees associated with committing these unauthorized transfers.
- o The District has implemented procedures to ensure that similar inter-fund transfers do not occur in the future.

Based upon several similar court cases which had previously occurred throughout the country, the USOE and State Attorney General's Office, in conjunction with the District's legal counsel, has determined the appropriate remedy is a liability for lost interest of \$19,700.51. All agencies involved were persuaded by the decisions of various courts around the country that maintaining the fiscal health of the District was of paramount importance. This amount is to be repaid over a five year period from the General Fund to the Debt Service fund beginning in fiscal year 2008. The delay in repayment is due to the fact that the District has already concluded its budgeting and property tax rate setting process for fiscal year 2007.

#### **B.** Other Claims

The District is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. These claims are generally insured through the District's risk management insurance and are investigated by the District's insurance representatives and defended by the State Attorney General's office. In the opinion of management, such litigation will have no material effect upon the financial operations of the District.

#### 11. RISK MANAGEMENT

#### A. Property and Liability Insurance Coverage

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, and malpractice liability through policies administered by the Utah State Risk Management (Fund). The District also insures its buildings and contents against all insurable risks of direct physical loss or damage with the Fund. The Fund is a public entity risk pool operated by the state for the benefit of the state and local governments in Utah. This is a pooled arrangement where the participants' pay experienced rated annual

premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures sizeable losses to preserve the capital base. During fiscal year ended June 30, 2006, there were no significant reductions in coverage. Settled claims resulting from these risks have not exceeded the pool's insurance coverage and commercial insurance coverage in any of the past three fiscal years.

#### B. Worker's Compensation and Other Insurance Coverage

The District participates in the Utah School Boards Risk Management Mutual Insurance Association which is a risk pool for workers' compensation. The district has purchased commercial insurance for other risks of loss including employee health and accident insurance and long-term disability insurance. Unemployment compensation is handled on a cost of benefits reimbursement basis with the state of Utah. During the fiscal year ended June 30, 2006, there were no significant reductions in coverage. Settled claims resulting from these risks did not exceed commercial insurance coverage in any of the past three fiscal years.

#### C. Self-Insured Short-Term Disability Coverage

The District is self-insured for certain short-term disability benefits. The District rarely incurs a liability for unpaid claims associated with short-term disability. As of June 30, 2006, there were no accrued liabilities associated with short-term disability. There were no accrued liabilities associated with short-term disability at the end of fiscal year 2005.

	Begi	nning					End	ling
	Bala	ance	Addi	tions	Redu	ctions	Bala	ınce
Fiscal year 2006	\$	-	\$	-	\$	-	\$	-
Fiscal vear 2005	\$	-	\$	-	\$	_	\$	_

#### 12. JOINT VENTURES

#### A. Recreation Facility

The District has contractually agreed with Beaver City to jointly fund the operation of a recreation baseball park facility. The construction costs were jointly shared by both entities. The District is projecting it will pay \$5,000 to the city as reimbursement for operations costs in future years. Audited financial statements for Beaver City can be obtained through the Utah State Auditor's internet web site at <a href="https://www.sao.state.ut.us/reports">https://www.sao.state.ut.us/reports</a>.

#### **B. Career Technology Education Director**

The District has contractually agreed with Garfield and Kane County School Districts to cooperatively fund a tri-county Career Technology Education Director. The District paid \$36,323 for its share of the cost. Audited financial statements for Garfield and Kane County School Districts can be obtained through the State Auditor's internet web site at <a href="https://www.sao.state.ut.us/reports">https://www.sao.state.ut.us/reports</a>.

#### C. Southwest Educational Developmental Center - Special Education

The District has contractually acquired the services of special education specialists through the Southwest Educational Developmental Center (S.E.D.C.). S.E.D.C. operates for several small school districts in southern Utah and is jointly funded by the districts. The District paid \$29,507 for these services. Iron County School District is currently the fiscal agent for S.E.D.C., and audited financial statements for Iron County School District can be obtained through the State Auditor's internet web site at <a href="https://www.sao.state.ut.us/reports">https://www.sao.state.ut.us/reports</a>.

#### 13. RESERVED FUND BALANCES & RESTRICTED NET ASSETS

The District receives revenues, primarily from the state of Utah, for restricted programs. Some of these revenue sources have legally imposed restrictions narrower than the purpose of the governmental fund in which they are reported in. Consequently, the District reports the end of year residual equity balances associated with these funds as reserved fund balances. Additionally, these restrictions are based upon enabling legislation; the same amounts are reported as restricted net assets in the government-wide financial statements. The residual balances at year end are the following:

						Special Revenue													
Restricted Pro	<u>gram</u>	General Fund		Debt Service Fund		Service		Service		Service		Service		Non I		Studen Activity	-	Sch	olarship
Transportation to and fro	om school	\$	9,534	\$	-	\$	-	\$		\$	-								
Special transportation le	vy		1,174		-		-		-		-								
Tort levy			582		-		-		- '		-								
Special education - regu	lar programs	1	62, <b>360</b>		-		-		-		-								
Special education - pres	chool		•		-	23	,702				-								
Career technology educa	ation		16,531		-		-		-		-								
Adult education			-		-	17	,343		-		-								
At risk - homeless and r	ninority		3,009		-		-		-		-								
Quality teaching			38,57 <b>9</b>		-		-		-		-								
Interventions for student	success		2,580		-		-		-		-								
Driver's education			3,945		-		-		-		•								
UPASS			1,465		-		-		-		-								
School trust lands			18,8 <b>94</b>		-		-		-		-								
K-3 reading			1,376		-		-		-		-								
Teacher materials			4,992		-		-		-	•	-								
Advanced placement			702		-		-		-		-								
Debt service			-	193	,962		-		•		-								
Recreation levy			-		-	4	,438		-		-								
Student activity			-		-		-	219,93	31		-								
Scholarships									<u> </u>		89,514								
		\$ 2	65,7 <b>23</b>	\$ 193	,962	\$ 45	,483	\$219,93	<u> </u>	\$	89,514								

#### 14. SUBSEQUENT EVENT

On August 15, 2006, the District issued a Board approved tax anticipation note of \$325,000 in order to cover projected cash shortfalls during the subsequent year. The projected cash shortfalls are mainly due to the timing differences between the time that on-going expenditures occur, but before the time the District receives property tax revenues raised to fund these ongoing expenditures.

#### 15. RESTATEMENT - June 30, 2005

In fiscal year 2005, \$46,960 was erroneously recognized as a revenue and receivable in the District's general fund. The amount was related to a federal expenditure driven grant for educator licensure, and the District had no qualifying expenditures to meet the eligibility criteria for these funds. This amount was not claimed from the federal government but was recognized as a revenue in the prior year's financial statements.

The District had \$41,562 available funding from federal NCLB Migrant Education <u>and</u> had qualifying expenditures available to claim these funds.

The District has also recalculated its property tax receivables and deferrals (unearned revenue for government-wide statements) to comply with the revenue recognition standards required by Governmental Accounting Board Statement No. 33.

The following restatement is provided for readers to clarify these changes:

#### **BEAVER COUNTY SCHOOL DISTRICT**

Balance Sheet Governmental Funds Restated June 30, 2005

	Major Funds						
	General Fund	Debt Service Fund	Non K-12 Instruction Fund	Capital Projects Fund	Food Services Fund	Other Funds	Total Governmental Funds
Assets:							
Property taxes receivable:	24,005	22, <b>642</b>	848	3,367	36,300	-	87,162
Add: prior period adjustment	1,702,890	1,592,998	77,545	409,881	(36,300)		<b>3,74</b> 7,014
Total property taxes receivable restated June 30, 2005	1,726,895	1,615,640	78,393	413,248			<b>3,83</b> 4,176
State receivables - prior period adjustment	-	-	-	-	36,300		<b>3</b> 6,300
Federal receivables:	341,535	_	_	_	_	_	341.535
Add: prior period adjustment	41,562	-	-	_	_	_	41,562
Less: prior period adjustment	(46,960)	_		-	_	-	(46,960)
Total federal receivables restated June 30, 2005	336,137						336,137
Other assets	754,844	446,726	68,863	67,214	20,846	259,670	1,618,163
Total assets	2,817,876	2,062,366	147,256	480,462	57,146	259,670	5,824,776
Liabilities:							
Deferred property taxes		_	_	_	-	_	-
Add: prior period adjustment	1,702,890	1,592, <b>998</b>	77,545	409.881	-	_	3,783,314
Add: prior period adjustment	21,360	20,148	755	2,996	-	-	45,259
Total deferred property taxes restated June 30, 2005	1,724,250	1,613,146	78,300	412,877	-	-	3,828,573
Other liabilities	1,003,332	450,000	-	63,670	<b>18,9</b> 91	2,241	1,538,234
Total liabilities	2,727,582	2,063,146	78,300	476,547	18,991	2,241	<b>5,36</b> 6,807
Fund equity:							
Reserved fund balances		19.368	69,711	6,911	<b>38,</b> 155	257,429	391,574
Unreserved fund balances	117,052	.0,000		-,			117,052
Less: prior period adjustment - federal revenues	(46,960)						(46,960)
Add: prior period adjustment - federal revenues	41,562	-	•	-	-	-	41,562
Less: prior period adjustment - deferred property taxes	(21,360)	(20,148)	(755)	(2, <b>996)</b>	-	-	(45,259)
Total reserved fund balances restated June 30, 2005		(780)	<b>68</b> ,956	3,915		257,4 <b>29</b>	329,520
Total unreserved fund balances restated June 30, 2005	90,294				38,155		128,449
Total fund balances restated June 30, 2005	90,294	(780)	<b>68</b> ,956	3,915	<b>38,</b> 155	257,429	457,969
Total liabilities and fund equity	2,817,876	2,062,366	147,256	480,462	57,146	259,670	5,824,776

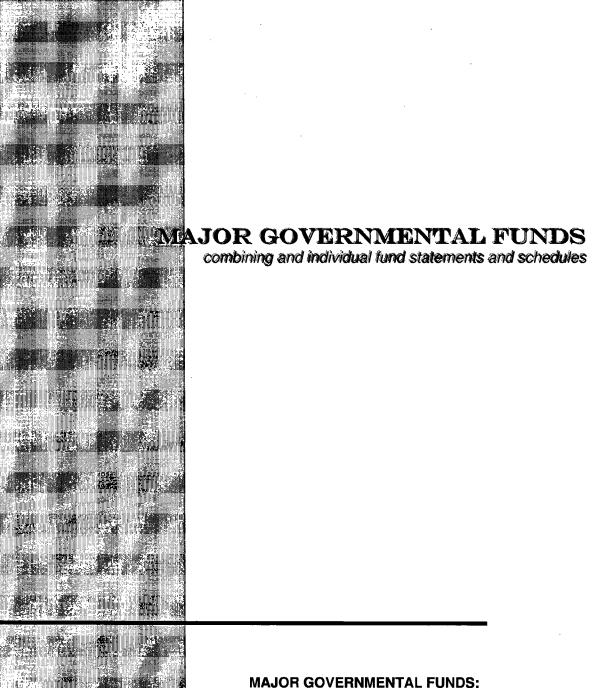
#### **BEAVER COUNTY SCHOOL DISTRICT**

Statement of Net Assets Restated June 30, 2005

Assets:		
Property taxes receivable	87,1 <b>6</b> 2	
Add: prior period adjustment	3,747,014	
Total property taxes receivable restated June 30, 2005	<del></del>	3,834,176
Accounts receivable - federal	341 <b>,53</b> 5	
Add: prior period adjustment	41,562	
Less: prior period adjustment	(46,960)	
Total due from other governmental units restated June 30, 2005		<b>33</b> 6,137
Other assets		17,136,458
Total assets		21,306,771
Liabilities:		
Unearned property taxes - prior period adjustment	3,747,014	
Unearned property taxes - prior period adjustment	45 <b>,25</b> 9	
Other liabilities	<b>16</b> ,788 <b>,8</b> 14	
Total liabilities		20,581,087
Net Assets:		
Investment in capital assets, net of debt		267,715
Restricted net assets		391,574
Unrestricted	117,052	33.,3.
Less: prior period adjustment - property tax revenue	(45,259)	
Add: prior period adjustment - federal revenues	41,562	
Less: prior period adjustment - federal revenues	(46,960)	
Unrestricted net assets restated June 30, 2005		<b>66</b> ,395
Total net assets		725,684
Total net assets and liabilities		\$ 21,306,771

### COMBINING & INDIVIDUAL FUND FINANCIAL STATEMENTS & SCHEDULES

financial section



#### **MAJOR GOVERNMENTAL FUNDS:**

- General Fund: This fund services primary on-going operations of the District. It is used to account for activity and financial resources That are not required to be accounted for in other funds
- <u>Debt Service Fund</u>: This fund is used to account for the accumulation of resources for and payment of principal, interest, and related costs for general obligation debt.

### **Beaver County School District Comparative Balance Sheets**

General Fund

June 30, 2006 With Comparative Totals For 2005

	2006	2005
Assets:		
Cash and temporary cash investments Accounts, taxes, and grants receivables:	\$ 218,030	\$ 130,787
Local property taxes	1,670,181	1,726,895
Other local	3,178	-
Federal	532,820	336,137
Due from other funds	2,241	517,312
Prepaid expenditures	120,151	106,745
Total assets	2,546,601	2,817,876
Liabilities and fund balances:		
Accounts payable	131,408	125,969
Payroll and related payables	85 <b>6,95</b> 3	873,830
Due to other funds Deferred revenue:	-	3,533
Property taxes	1,678,116	1,724,250
Other deferred revenues	25,000	
Total liabilities	2,691,477	2,727,582
Fund Balances: Reserved for:		
Restricted programs Unreserved: Undesignated, reported in:	265,723	-
General fund	(410,599)	90,294
Total fund balances	(144,876)	90,294
Total liabilities and fund balances	\$ 2,546,601	\$ 2,817,876

## Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

General Fund

Year Ended June 30, 2006 With Comparative Totals For 2005

		2005			
	Budgeted	d Amounts	_		
	Orlginal	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:					
Local sources:			•		
Property taxes	\$ 1,872, <b>023</b>	<b>1,</b> 912, <b>948</b>	\$ 1,923 <b>,708</b>	\$ 10,760	<b>\$</b> 1,82 <b>9,5</b> 13
Food service sales	-	-	-	-	-
Earnings on investments	3, <b>500</b>	2,200	44,033	41,833	5,121
Other local	652,511	106, <b>823</b>	154 <b>,892</b>	48,069	116,251
State of Utah	6,996,038	<b>6,</b> 426, <b>326</b>	6,338, <b>540</b>	(8 <b>7,78</b> 6)	6,339,856
Federal government	641,256	<u>557,509</u>	664,586	107,077	65 <b>7,26</b> 0
Total revenues	10,165,328	9,005,806	9,125,759	119,953	8,948,001
Expenditures:					
Current:					
Instructional services	6,531,080	6,300,497	5,987,508	312,989	6,194,130
Supporting services:					
Students	136, <b>951</b>	164, <b>964</b>	245,001	(80,037)	198,486
Instructional staff	247, <b>950</b>	108, <b>250</b>	86 <b>,604</b>	21,646	166,423
District administration	358, <b>970</b>	453, <b>498</b>	475, <b>844</b>	(22,346)	646,708
School administration	706, <b>330</b>	714, <b>932</b>	716 <b>,217</b>	(1,285)	637,214
Business	118,114	· 113, <b>795</b>	186,1 <b>14</b>	(72,319)	178,781
Operations and maintenance of plant	1,663, <b>739</b>	938, <b>820</b>	1,341,343	(402,523)	1,504,296
Student transportation	277, <b>990</b>	285, <b>442</b>	320, <b>098</b>	(34,656)	276,546
Central		74,459	2,200	72,259	7,474
Total expenditures	10,041,124	9,154,657	9,360,929	(206,272)	9,810,172
Net change in fund balances	124, <b>204</b>	(148,851)	(235,170)	(86,319)	87,829
Fund balances - beginning	90, <b>294</b>	90,294	90,294		2,465
Fund balances - ending	\$ 214,498	\$ (58,557)	\$ (144,876)	\$ (86,319)	\$ 90,294

### Schedule of Program Revenues, Expenditures, and Changes in Fund Balances General Fund

Year Ended June 30, 2006

Revenues:	Regular Basic General Education	State Class Size Reduction K-8	State Transportation To and From School	Transportation Special Activities
Local sources: Property taxes Other local State of Utah Federal government	\$ 1,741,999 153,972 4,288,954 72,671	\$ - - 215,998	\$ - 13,572 178,683	\$ 100,115 1,174 73,370
Total revenues	6,257,596	215,998	192,255	174,659
Expenditures: Current:				
Salaries	3,524,273	145,564	70,880	31,925
Employee benefits	1,860,022	70,434	25,625	21,783
Purchased services	164,557	-	38,808	60,424
Supplies	890,713	-	47,408	5 <b>9,3</b> 53
Property	20,425	-	-	-
Other	282,106			
Total expenditures	6,742,096	215,998	182,721	173,485
Net change in fund balances	(484,500)	-	9,534	1,174
Fund balances - beginning				
Reserved fund balances Unreserved fund balances	72 001	-	•	•
Total beginning fund balances	73,901 73,901	<del></del>	<del></del>	-
Fund balances - ending				
Reserved fund balances	-	_	9,534	1,174
Unreserved fund balances	(410,599)	-	-,	•
Total ending fund balances	\$ (410,599)	\$ -	\$ 9,534	\$ 1,174
;				

	·L	Tort .iability	 	State & Federal Regular Special ducation	Te	State Career chnology ducation	F	State At-Risk Regular rogram
Revenues:								
Local sources:	•	40.555	•		•		•	
Property taxes	\$	49,557	\$	-	\$	-	\$	-
Other local		581		- E40 C44		22,500		-
State of Utah		19,763		543,644		496,427		<b>23</b> ,455
Federal government				292,067		19,383		<del></del>
Total revenues		<b>69</b> ,901		835,711		538,310		<b>23</b> ,455
Expenditures: Current:								
Salaries		-		462,557		231,936		18,933
Employee benefits		-		150,7 <b>06</b>		106,145		4,522
Purchased services		69,320		53,108		18,050		•
Supplies		-		6,9 <b>80</b>		38,052		-
Property		-		-		45,831		-
Other		-				81,765		<u> </u>
Total expenditures		69,320		673,351		521,779		23,455
Net change in fund balances		581		162,360		16,531		-
Fund balances - beginning Reserved fund balances Unreserved fund balances Total beginning fund balances		- -	_	- -		- - -		- 
Fund balances - ending								
Reserved fund balances		581		162,360		16,531		_
Unreserved fund balances		-				-		_
Total ending fund balances	\$	581	\$	162,360	\$	16,531	\$	-

Revenues:	At- Hon	tate -Risk neless ogram	State Gifted & Talented Program		State Advanced Placement Program		State Concurrent Enrollment Program	
Local sources: Property taxes Other local State of Utah Federal government	\$	3,009	\$	- - 7,021	\$	- - 703	\$	- - 11,492
Total revenues		3,009		7,021		703		11,492
Expenditures: Current: Salaries				F 707				F 500
Employee benefits Purchased services		- - -		5,707 <b>1,314</b> -		- - -		5,533 1,274 4,685
Supplies Property Other		- -		- - -		- - -		- - -
Total expenditures		-		7,021		-		11,492
Net change in fund balances		3,009		-		703		-
Fund balances - beginning Reserved fund balances Unreserved fund balances Total beginning fund balances		- - -		<u>-</u>		- - -		<u>-</u>
Fund balances - ending Reserved fund balances Unreserved fund balances		3,009		- -		703 -		<u>-</u>
Total ending fund balances	\$	3,009	\$		\$	703	\$	

	State Quality Teaching Block Grant	State Interventions for Student Success	State Driv <b>er's</b> Education	State UPASS	
Revenues:					
Local sources: Property taxes	\$ -	\$ -	\$ -	\$ -	
Other local	Φ -	Φ -	3,750	Ψ - -	
State of Utah	210,529	75,544	13,480	35,994	
Federal government					
Total revenues	210,529	75,544	17,230	35,994	
Expenditures:					
Current:					
Salaries	118,678	35,791	9,536	<b>2</b> 5,621	
Employee benefits	53,272	22,364	1,837	8,908	
Purchased services	-	9,513	1,912	-	
Supplies	-	5, <b>296</b>	-	-	
Property Other	-	<u>-</u>	- -	-	
_					
Total expenditures	171,950	72,964	13,285	34,529	
Net change in fund balances	38,579	2,580	<b>3,94</b> 5	1,465	
Fund balances - beginning					
Reserved fund balances	_	-	-	-	
Unreserved fund balances		-	<u>-</u> _		
Total beginning fund balances	-	-	-	-	
Fund balances - ending					
Reserved fund balances	<b>3</b> 8,57 <b>9</b>	2,580	<b>3,94</b> 5	1,465	
Unreserved fund balances					
Total ending fund balances	\$ 38,579	\$ 2,580	<b>\$ 3,945</b>	<b>\$ 1,465</b>	

Revenues:	State School Trust Land		State & Local -3 Reading Initiative	Tea Mate	ate cher rials & plies	Federal No Child Left Behind	Total General Fund
Local sources: Property taxes Other local	\$	- \$	33,037 376	\$	-	\$ - -	\$ 1,924,708 1 <b>95</b> ,925
State of Utah Federal government	72,38	5 	50,873 		19,216	280,466	6, <b>340,</b> 540 6 <b>64,</b> 587
Total revenues	72,38	<u>5</u>	84,286		19,216	280,466	9,125,760
Expenditures: Current:							
Salaries	10,08	8	59,838		-	194,578	4,951,438
Employee benefits	3,18	9	18,121		-	67,996	2,417,512
Purchased services	56,60	7	3,133		-	9,101	489,218
Supplies		-	1,818	1	14,224	3,897	1,067,741
Property		-	-		-	4,894	71,150
Other		-			-		363,871
Total expenditures	69,88	4	82,910	1	14,224	280,4 <b>6</b> 6	9,360,930
Net change in fund balances	2,50	1	1,376		4,992	-	(235,170)
Fund balances - beginning							
Reserved fund balances	16,39	3	-		-	-	16,393
Unreserved fund balances		<u> </u>	<u> </u>		-	-	73,901
Total beginning fund balances	16,39	3 —	-	_	_	-	90,294
Fund balances - ending							
Reserved fund balances	18,89	4	1,376		4,992	-	265,723
Unreserved fund balances		<u>.                                      </u>					(410,599)
Total ending fund balances	\$ 18,89	4 \$	1,376	\$	4,992	\$ -	\$ (144,876)

### Beaver County School District Comparative Balance Sheets

#### Major Debt Service Fund June 30, 2006

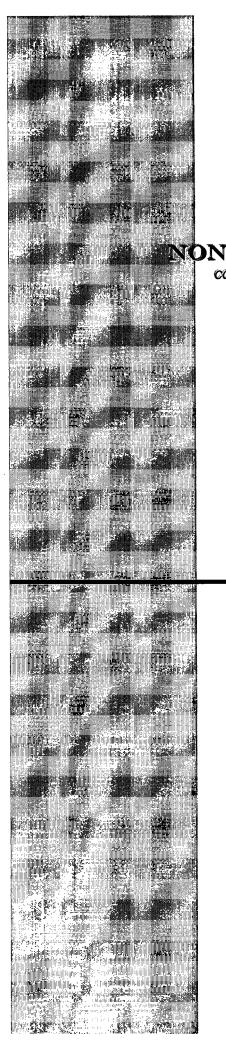
June 30, 2006
With Comparative Totals For 2005

	2006	2005	
Assets: Cash and temporary cash investments Accounts, taxes, and grants receivables:	\$ 201,385	\$ 446,726	
Local property taxes	1,562,399	1,615,640	
Total assets	1,763,784	2,062,366	
Liabilities and fund balances: Liabilities: Deferred revenue:	_		
Property taxes  Due to other funds	1,56 <b>9,82</b> 2	1,613,146 <b>45</b> 0,000	
Total liabilities	1,569,822	2,063,146_	
Fund Balances: Reserved for:			
Debt service	193,962	(780)	
Total fund balances	193,962	<u>(780)</u>	
Total liabilities and fund balances	<b>\$</b> 1,76 <b>3,7</b> 84	\$ 2,062,366	

## Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Major Debt Service Fund Year Ended June 30, 2006 With Comparative Totals For 2005

		2005				
	Budgeted Amounts					
Revenues:	Original	Original Final		Variance with Final Budget - Positive (Negative)	Actual Amounts	
Local sources: Property taxes Earnings on investments	\$ 1,580,000	\$ 1,789,500	\$ 1,799,565 21,111	\$ 10, <b>065</b> 21, <b>111</b>	\$ 1,792,977 	
Total revenues	1,580,000	1,789,500	1,820,676	31,176	1,792,977	
Expenditures: Debt service: Principal retirement	1,025,000	1,025,355	1,025,355	-	685, <b>82</b> 7	
Interest, fiscal charges, and issuance fees	600,898	601,329	600,579	750	<u>526,482</u>	
Total expenditures	<u>1,625,898</u>	1,626,684	1,625,934	750	1,212,309	
Net change in fund balances	(45,898)	<b>162</b> ,816	<b>1</b> 94,7 <b>42</b>	31,9 <b>26</b>	1,530,668	
Fund balances - beginning	(780)	(780)	(780)	-	(1,531,448)	
Fund balances - ending	\$ (46,678)	\$ 162,036	\$ 193,962	\$ 31,926	\$ (780)	



### NONMAJOR GOVERNMENTAL FUNDS

combining and individual fund statements and schedules

#### **NONMAJOR GOVERNMENTAL FUNDS:**

- Non K-12 Instruction: This special revenue fund accounts for restricted programs outside of the K-12 education environment.
- <u>Food Services</u>: This special revenue fund accounts for all food service related programs in the District.
- <u>Student Activities:</u> This special revenue fund accounts for student fees collected at the school level for curricular and extra-curricular school-level programs.
- <u>Scholarship:</u> This fund accounts for the assets entrusted to the Board for college scholarships for District graduates. The Board is responsible for all assets in this fund.
- <u>Capital Projects:</u> This fund accounts for the acquisition, maintenance, improvement, and construction of capital assets and equipment not being financed by other funds.

# Beaver County School District Combining Balance Sheet Nonmajor Governmental Funds June 30, 2006

		Special		Total		
	Non K-12 Instruction	Food Services	Student Activities	Scholarship	Capital Projects	Nonmajor Governmental Funds
Assets:						
Cash and temporary cash investments	\$ 17,682	\$ 13,493	\$ <b>222,</b> 172	\$ 89,514	\$ 30,6 <b>39</b>	\$ 373,500
Accounts, taxes, and grants receivables:  Local property taxes	70.050					
Other local	76, <b>056</b>	-	-	-	402,0 <b>08</b>	478,064
State	-	18,503	•	-	-	- 18,503
Federal	28,1 <b>62</b>	-	-	<u>.</u>	-	28,162
Total assets	121,900	31,996	222,172	89,514	432,647	898,229
Liabilities and fund balances: Liabilities:						
Accounts payable	-	531	-	•	1,101	1,632
Payroll and related payables	•	15,089	-	-	-	15,089
Due to other funds	-	-	2,241	-	•	2,241
Deferred revenue:	70 447					
Property taxes	76,417				<u>403,918</u>	480,335
Total liabilities	76,417	15,620	2,241	-	405,019	499,297
Fund balances: Reserved for:						
Restricted programs Unreserved:	45, <b>483</b>	-	219,931	89,514	-	354, <b>928</b>
Undesignated, reported in:	•					
School food services Capital projects	<u> </u>	16,376			27,6 <b>28</b>	16,376 27,628
Total fund balances	45, <b>483</b>	16,376	219,931	89,514	27,6 <b>28</b>	398, <b>932</b>
Total liabilities and fund balances	\$ 121,900	\$ 31,996	\$ 222,172	\$ 89,514	\$ 432,647	\$ 898,229

### **Beaver County School District** Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2006

		Special F			Total Nonmajor Governmental Funds	
	Non K-12 Instruction			_Scholarship_		
Revenues:						
Local sources:			•	•	A 400 001	<b>♠</b>
Property taxes	\$ 87,601	\$ -	\$ -	\$ -	\$ 463,031	\$ 550,632 130,703
Food service sales	4 007	130,7 <b>03</b>	-	4 000	E 400	•
Earnings on investments	1,027	963	1,770	1,989	5,432	11,181
Other local		5,770	<b>60</b> 0,289	-	7,838	613,897
State of Utah	236,690	68,4 <b>53</b>	-		23,793	328,936
Federal government	28,162	299,700	<del></del>			327,862
Total revenues	353,480	505,589	602,059	1,989	500,094	1,963,211
Expenditures:						
Current:						
Instructional services	15 <b>5,87</b> 7	-	-		162,301	318,178
Supporting services:						
Students	-	-	-	<b>5</b> ,000	-	<b>5,0</b> 00
Instructional staff	-	-	-	-	-	-
District administration	2,448	-	-	-	-	2,448
School administration	-	-	-	-		-
Business	•	-	-	-	-	•
Operations and maintenance of plant	218,090	-	-	-	<b>62,04</b> 5	280,135
Student transportation	-	2,413	-	-	-	2,413
Central	-	-	-	-	-	•
School food services	-	524,955	-	-	-	5 <b>24,9</b> 55
Community services	-	-	-	-	-	-
Facilities and construction	538	-	-	-	222,035	2 <b>22,5</b> 73
Student activities	-	-	547,032	-	-	547,032
Debt service:						-
Principal retirement					30,000	30,000
Total expenditures	376,953	527,368	547,032	5,000	476,381	1,932,734
Net change in fund balances	(23,473)	(21,779)	55,027	<b>(3</b> ,011)	23,713	30,477
Fund balances - beginning	68,956	38,155	164,904	<b>92</b> ,525	3,915	368,455
Fund balances - ending	<b>\$</b> 45,483	<b>\$</b> 16,376	\$ 219,931	\$ <b>89</b> ,514	\$ 27,628	\$ 398,932

## Beaver County School District Comparative Balance Sheets

Non K-12 Instruction Fund
Nonmajor Special Revenue Fund
June 30, 2006
With Comparative Totals For 2005

	2006	2005
Assets:		<del></del>
Cash and temporary cash investments	\$ 17,682	\$ 66,382
Accounts, taxes, and grants receivables:		
Local property taxes	76 <b>,05</b> 6	78,393
Federal	28,162	2 -
Due from other funds		2,481
Total assets	121,900	147,256
Liabilities and fund balances:		
Liabilities:		
Deferred revenue:		
Property taxes	76,417	78,300
Total liabilities	76,417	78,300
Fund balances:		
Reserved for:		
Restricted programs	45,483	68,956
Total fund balances	45,483	68,956
Total liabilities and fund balances	\$ 121,900	\$ 68,956

# Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Non K-12 Instruction Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals For 2005

				2	006				 2005
Revenues:		Budgeted	d Amounts Final		Actual Amounts		Variance with Final Budget - Positive (Negative)		Actual mounts
Local sources:									
Property taxes	\$	93,117	\$	87,110	\$	87,601	\$	491	\$ 65,746
Earnings on investments		005.470		007.005		1,027		1,027	-
State of Utah Federal government		205,479		227,265		236,690		9,425	-
· ·		42,500		28,236		28,162		(74)	 <del></del>
Total revenues		341, <b>09</b> 6		342,611		353, <b>480</b>		10,869	 65,746
Expenditures: Current:									
Instructional services		106,193		168,235		155,877		12,358	-
Supporting services:									
District administration		1,667		2,642		2,448		194	-
Operations and maintenance of plant		148 <b>,94</b> 1		235 <b>,95</b> 8		218, <b>090</b>		17 <b>,86</b> 8	-
Facilities and construction						538		(538)	<u> </u>
Total expenditures		256,801		406,835		376, <b>953</b>		29,882	 <u>-</u>
Net change in fund balances		84,295		(64,224)		(23,473)		40,751	65,746
Fund balances - beginning		68,956		68,956		68 <b>,956</b>			 3,210
Fund balances - ending	_\$	153,251	\$	4,732	\$	45,483	\$	40,751	\$ 68,956

#### **Beaver County School District** Schedule of Program Revenues, Expenditures, and Changes in Fund Balances

### Non K-12 Instruction Fund

Nonmajor Special Revenue Fund Year Ended June 30, 2006

Revenues:	State Special Education Preschool	Federal Special Education Preschool	State Adult High School Completion
Local sources Property taxes Other local State of Utah Federal government	\$ - 72,606	\$ - - - 16,942	\$ - 164, <b>084</b>
Total revenues	72,606	16,942	164,084
Expenditures: Current: Salaries Employee benefits Purchased services Supplies Property Other	21,021 26,454 1,429 - -	13,771 3,171 - - -	109,779 33,236 3,726 - -
Total expenditures	48,904	16,942	146,741
Net change in fund balances	23,702	-	17,343
Fund balances - beginning Reserved fund balances Unreserved fund balances Total beginning fund balances		<u>-</u>	<u> </u>
Fund balances - ending Reserved fund balances Unreserved fund balances Total ending fund balances	23,702 \$ 23,702	- - \$ -	17,343 - \$ 17,343

# Beaver County School District Schedule of Program Revenues, Expenditures, and Changes in Fund Balances (continued)

Non K-12 Instruction
Nonmajor Special Revenue Fund
Year Ended June 30, 2006

Revenues:	Federal Adult Ed. Correctional Facilities	Local Recreation Levy	Total Non K-12 Instruction Fund
Local sources: Property taxes Other local State of Utah Federal government	\$ - - - 11,220	\$ 87,601 1,028 - -	\$ 87,601 1,028 236,690 28,162
Total revenues	11,220	88,629	353,481
Expenditures: Current: Salaries Employee benefits Purchased services Supplies Property Other	9,471 1,749 - - - -	41,370 20,735 91,042 -	195,412 85,345 96,197 - -
Total expenditures	11,220	153,147	376,954
Net change in fund balances	-	(64,518)	(23,473)
Fund balances - beginning Reserved fund balances Unreserved fund balances Total beginning fund balances	<u>-</u>	68,956 68,956	68,956 - 68,956
Fund balances - ending Reserved fund balances Unreserved fund balances	<u> </u>	4,438	45,483
Total ending fund balances	\$ -	\$ 4,438	\$ 45,483

## **Beaver County School District Comparative Balance Sheets**

Food Services Fund
Nonmajor Special Revenue Fund
June 30, 2006
With Comparative Totals For 2005

	2006	2005
Assets:		
Cash and temporary cash investments	<b>\$</b> 13, <b>49</b> 3	\$ 20,846
Accounts, taxes, and grants receivables:		•
State	18,503	36,300
Total assets	31,996	57,146
lotarassets	31,990	37,140
Liabilities and fund balances:		
Liabilities:		
Accounts payable	E21	17 500
) ·	531	17,590
Payroll and related payables	15,089	1,401
Total liabilities	15,620	18,991
Fund balances:		
Unreserved:		
Undesignated, reported in:		
School food services	16,376	38,155
Total fund balances	<del></del>	
i otal fund balances	16,376	<u>38,155</u>
Total liabilities and fund balances	\$ 31,996	\$ 38,155

# Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Food Services Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals For 2005

	2006									2005
	Budgeted			I Amounts		-		ance with		
	,	Original		Final	Δ	Actual Imounts	P	l Bu <b>dget -</b> ositi <b>ve</b> egative)	<b>Ac</b> tu	al <b>Amo</b> unts
Revenues:								-3		
Food service sales	\$	124,000	\$	124,000	\$	130,703	\$	6,703	\$	123,746
Earnings on investments		-				<b>96</b> 3		<b>9</b> 63		-
Other local		1,200				5,770		5,770		-
State of Utah		64,811		95,282		68,453		(26,829)		62,204
Federal government		274 <b>,28</b> 9		257,408		299,700		<b>42,2</b> 92		274,289
Total revenues		464,300		476,690		505,590		28,900		460,239
Expenditures:										
Current:										
Supporting services:										
Student transportation				-		2,413		<b>(2,4</b> 13)		-
School food services		445,800		499 <b>,754</b>		502, <b>16</b> 1		<b>(2,4</b> 07)		<b>463</b> ,718
Facilities and construction						22,794		(22,794)		
Total expenditures		445,800		499,754		52 <b>7,36</b> 8		(27,614)		<b>463</b> ,718
Net change in fund balances		18,500		(23,064)		(21,779)		1,285		(3,479)
Fund balances - beginning		38,155		38,155		38,155				41,634
Fund balances - ending	\$	56,655	\$	15,091	\$	16,376	\$	1,285	\$	38,155

## Beaver County School District Comparative Balance Sheets

Student Activities Fund
Nonmajor Special Revenue Fund
June 30, 2006
With Comparative Totals For 2005

Assets:		2006	2005
	temporary cash investments tal assets	\$ 222,172 222,172	\$ 167,145 167,145
Liabilities a Liabilities:	nd fund balances:		
Due to oth	er funds	2,241	2,241
То	tal liabilities	2,241	2,241
Fund baland Reserved	for:		
	d programs	219,931	164,904
Tot	al fund balances	219,931	164,904
Tot	al liabilities and fund balances	\$ 222,172	\$ 164,904

# Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Student Activities Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals For 2005

		2006						
	Budgeted	Budgeted Amounts		Variance with Final Budget - Positive				
	Original _	Final	Amounts	(Negative)	Actual Amounts			
Revenues: Local sources: Other local Total revenues	\$ -	\$ 585,000 585,000	\$ 602, <b>059</b> 602, <b>059</b>	\$ 17,059 17,059	\$ 573,417 573,417			
Expenditures: Current:								
Supporting services:	-	585,000	547,032	37,968	561,758			
Student activities  Total expenditures		585,000	54 <b>7,03</b> 2	37,968_	561,758			
Net change in fund balances	-	-	55,027	55,027	11,659			
	164,904	164,904	16 <b>4,90</b> 4	<u>-</u>	153,245			
Fund balances - beginning Fund balances - ending	\$ 164,904	\$ 164,904	\$ 219,931	\$ 55,027	\$ 164,904			

## **Beaver County School District Comparative Balance Sheets**

Scholarship Fund
Nonmajor Special Revenue Fund
June 30, 2006
With Comparative Totals For 2005

Assets:	 2006		2005
Cash and temporary cash investments	\$ 89,514	_\$	92,525
Total assets	 89,514	-	92,525
Fund balances:			
Reserved for:			
Restricted programs	 89,514		92,525
Total fund balances	\$ 89,514	\$	92,525

# Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Scholarship Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2006
With Comparative Totals For 2005

		2006								2005	
		Budgeted Amounts									
		Original		Final		Actual Amounts		Variance with Final Budget - Positive (Negative)		al Amounts	
Revenues:											
Local sources: Earnings on investments	\$		\$	1,200	\$	1,989	\$	789_	\$	809	
Total revenues				1,200		1,989		789		809	
Expenditures: Current:											
Supporting services: Studentsies		_		5,000		5,000		_		5,000	
Total expenditures	<u> </u>			5,000		5,000		_		5,000	
Net change in fund balances		-		(3,800)		(3,011)		789		(4,191)	
Fund balances - beginning		92,525		92,525		92,525				96,716	
Fund balances - ending		92,525	\$	88,725	\$	89,514	\$	789	\$	92,525	

## **Beaver County School District Comparative Balance Sheets**

Capital Projects Fund
Nonmajor Capital Projects Fund
June 30, 2006
With Comparative Totals For 2005

	2006	2005
Assets:		
Cash and temporary cash investments	\$ 30,639	\$ 66,162
Accounts, taxes, and grants receivables:		·
Local property taxes	402,008	413,248
Due from other funds		1,052
Total Assets	432,647	480,462
Liabilities and fund balances:		<del></del>
Liabilities:		
Accounts payable	1,101	-
Deferred revenue:	, -	
Property taxes	403,918	412,877
Due to other funds		<b>63</b> ,670
Total Liabilities	405,019	476,547
Fund balances:		
Unreserved:		
Undesignated, reported in:		
Capital projects	<u>27,<b>62</b>8</u>	<b>3,</b> 915
Total fund balances	27,628	3,915
Total liabilities and fund balances	\$ 432,647	\$ 480,462

# Beaver County School District Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual

Capital Projects Fund
Nonmajor Capital Projects Fund
Year Ended June 30, 2006
With Comparative Totals For 2005

				20	06				2005	
	Budgeted Amounts									
	Orlginal		Final		Actual Amounts		Variance with Final Budget - Positive (Negative)		Actual <b>A</b> mounts	
Revenues:		Original				anounts	(14)	egative/	<u> </u>	unounto
Local sources: Property taxes	\$	445,691	\$	460, <b>442</b>	\$	463,031	\$	2,589	\$	270,838
Food service sales Earnings on investments						5, <b>432</b>		5,432		
Other local Other local State of Utah		- 		8,000		7, <b>838</b> 23, <b>793</b>		(1 <b>62</b> ) 23, <b>79</b> 3		<u>-</u>
Total Revenues	_	445,691		468,442		500,094		31,652		270,838
Expenditures: Current:										
Instructional services Supporting services:		-		56,000		162, <b>301</b>		(106,301)		•
Operations and maintenance of plant Student transportation		- 45, <b>00</b> 0		158,751		62,045		96, <b>70</b> 6 -		-
Facilities and construction  Debt service:		355,000		302,881		222, <b>035</b>		80,846		10 <b>7,199</b> -
Principal retirement						30,000		(30,000)	_	
Total expenditures Excess (deficiency) revenues		400,000		517,632		476,381		41,251		10 <b>7,19</b> 9_
over (under) expenditures	_	45,691	_	(49,190)		23,713		72,903		163,639
Other financing sources (uses):										
Operating transfers (out)						-				(350,000)
Total other financing sources (uses)		-	_	<del>-</del>	_	<del>-</del>				(350,000)
Net change in fund balances		45, <b>691</b>		(49,190)		23, <b>713</b>		72,903		(18 <b>6,36</b> 1)
Fund balances - beginning		3,915		3,915		3,915				190,276
Fund balances - ending		49,606		(45,275)	<u>\$</u>	27,628	_\$	72,903	<u>\$</u>	3,915

## STATISTICAL SECTION

(unaudited)

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context to better understand the information in the financial statements, notes to the basic financial statements, and required supplementary information.

#### Financial Trends (pages 87 - 93)

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

#### Revenue Capacity (pages 94 – 102)

These schedules contain information to help the reader assess the District's most significant revenue sources.

#### Debt Capacity (pages 103 – 109)

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

#### Demographic and Economic Information (pages 110 – 112)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

#### Operating Information (pages 113 – 124)

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

### **Beaver County School District Comparative Statements of Net Assets**

June 30, 2003 through 2006

	2003 2004		2005	2006
Assets:				
Cash and temporary cash investments	\$ 672,757	<b>\$</b> 711 <b>,55</b> 3	<b>\$ 990,</b> 573	\$ 792,915
Accounts, taxes, and grants receivables:				
Local property taxes	38,9 <b>55</b>	53 <b>,52</b> 6	3, <b>834,</b> 176	<b>3,7</b> 10,6 <b>44</b>
Local	29,409	-	-	3,178
State	-	•	-	18,50 <b>3</b>
Federal	351,198	344,241	<b>336,1</b> 37	560,982
Prepaid expenses	89,7 <b>71</b>	91,149	<b>106,</b> 745	120,151
Capital assets:				
Land, construction in progress, works of art	1,297,983	1,297,983	1,297,984	1,363,531
Buildings, equipment, net accumulated depreciation	15,728,170	15,325,646	14,741,156	13,852,025
Total assets	18,208,243	17,824,098	21,306,771	20,421,929
Liabilities:				
Accounts payable	84,950	9 <b>7,39</b> 4	<b>134</b> ,668	133,039
Accrued interest payable	38,274	15,708	<b>252,</b> 653	247,702
Payroll and related payables	556,826	638 <b>.39</b> 3	882,721	872,042
Unearned revenue:	•	·	·	•
Property taxes	-	-	3, <b>792,2</b> 73	3,728,273
Other unearned revenues	-		, , <u>-</u>	25,000
Noncurrent liabilities:				,
Due within one year	667,263	676,471	1,055,000	<b>1,3</b> 13,745
Due in more than one year	15,587,047	15,291,672	14,463,772	<b>13,3</b> 71,375
Total liabilities	16,934,360	16,719,638	20,581,087	19,691,176
Net Assets:				
Invested in capital assets, net of related debt	733,569	639,778	267,715	1,046,309
Restricted for:				
Debt service	5,6 <b>95</b>	18,552	19,368	193,962
Capital projects	<b>1</b> 75,6 <b>80</b>	190,276	6,911	27,628
Non K-12 Instruction	103,165	3,210	69,711	45,483
School food services	8,982	218	38,155	16,3 <b>76</b>
Student activities	137,730	153,245	164,904	219,931
Scholarship	100,939	96,716	<b>92,</b> 525	89,514
Restricted programs	-	<del>-</del>	,	265,72 <b>3</b>
Unrestricted	8,123	2,465	66,395	(1,174,173)
Total net assets	\$ 1,273,883	\$ 1,104,460	\$ 725,684	\$ 730,753

The 2005 financial statements were restated in the fiscal year 2006 comprehensive financial report to report property tax receivables, deferrals, and revenues in accordance with GASB No. 33.

Fiscal year 2003 was the first year the District reported under GASB No. 34. Consequently, financial trends for government-wide financial statements are presented from this fiscal year there on.

## **Beaver County School District Net Assets by Component**

June 30, 2003 through 2006

June 30th	Ca	nvested in pital Assets t of Related Debt	R	estricted	Un	restricted	 Total Net <b>A</b> ssets
<b>20</b> 03	\$	733,569	\$	532,191	\$	8,123	\$ 1,273,883
2004		639,778		<b>462,2</b> 17		2,465	1,104,460
<b>20</b> 05		267,715		391,574		66,395	<b>7</b> 25,6 <b>8</b> 4
2006		1,046,309		858,617	į	<b>(</b> 1,174 <b>,1</b> 73)	730,753
Percentage Change*		42.63%		61.34%	_	14554.91%	-42 64%

<sup>\*</sup>Percentage change calculation = (2006/2003) - 1

Fiscal year 2003 was the first year the District reported under GASB No. 34. Consequently, financial trends for government-wide financial statements are presented from this fiscal year there on.

Fiscal year 2006 was the first year the District reported net assets for program residual equity balances restricted by enabling legislation as restricted net assets.

#### Beaver County School District Changes in Net Assets

Years Ended June 30, 2003 through 2006

		2003		2004		2005		2006
Revenues:								
Program revenues:								
Charges for services:	_		•	40.000	ф	10.004	\$	79,10
Instructional services	\$	13,744	\$	<b>19,</b> 086	\$	19,224	Φ	79,10
Stu <b>den</b> ts		-		70.000		400.746		130,70
School food services		233,082		<b>76,</b> 000		123,746		
Student activities		5 <b>17,6</b> 69		<b>539</b> ,367		573,417		600,28
Capital outlay		-		395		9,798		
Operating grants and contributions:						4.044.000		0.404.0
Instructional services		4,665,908		4,543,131		4,844,829		2,494,8
Students		118,426		116,827		136,984		73,0
Instructional staff		<b>78,44</b> 5		<b>79</b> ,254		150,459		
District administration		333,141		<b>368</b> ,691		589,943		
School administration		3 <b>64,2</b> 95		<b>403</b> ,226		433,117		
Business		88,851		<b>97</b> ,694		54,938		
Operation and maintenance of plant		5 <b>36,8</b> 20		<b>734</b> ,510		<b>89</b> 3,6 <b>82</b>		
Transportation		146,494		<b>387</b> ,651		238,714		178,6
Central and other		30,299		<b>75</b> ,975		32,35 <b>9</b>		
School food services		2 <b>26,8</b> 59		-		-		368,1
Capital grants and contributions								
Capital outlay		<b>372,8</b> 28		-		-		
General revenues:								
Property taxes		3,359,266		3,824,425		<b>3,9</b> 49,2 <b>76</b>		<b>4</b> ,273 <b>,</b> 9
Federal and state aid not restricted								
to specific purposes		-		-		-		4,582,9
Earnings on investments		<b>15,6</b> 37		4,089		5,9 <b>30</b>		76,3
Miscellaneous		<b>309,7</b> 57		<b>172</b> ,621		97,02 <b>7</b>		51 <u>,</u> 1
Total revenues		11,411,521	_	11 <b>,442</b> ,942	_	12,153,443	_	12,909,6
Expenses:								
Instructional services		6, <b>226,1</b> 69		6,186,452		<b>6,6</b> 45,66 <b>3</b>		7,019,1
Supporting services:								
Students		1 <b>47,</b> 333		123,731		146,571		390,4
Instructional staff		105,174		102,229		178,480		89,9
District administration		<b>531,</b> 303		<b>574</b> ,944		709,427		523,0
School administration		<b>613,1</b> 18		653,480		<b>6</b> 83,3 <b>77</b>		757,9
Business		<b>116,64</b> 8		132,402		87,3 <b>59</b>		193,3
Operation and maintenance of plant		1,250,531		1 <b>,45</b> 8,914		1,613,275		1,677,
Transportation		<b>231</b> ,148		<b>490,42</b> 0		362,1 <b>45</b>		395,
Central and other		69,353		<b>18</b> 3,758		160,5 <b>95</b>		2,2
School food services		355,005		412,745		470,769		572,6
Facilities & construction		663,067		<b>249</b> ,875		386,3 <b>18</b>		139,
Student activities		505,071		<b>52</b> 3,852		561,758		547,0
Interest on long-term liabilities		· -		519,563		526,4 <b>82</b>		595,
Total expenses	_	10, <b>813,92</b> 0	_	11,612,365	_	12,532,219		12,904,
Changes in net assets		597,601		(169,423)		<b>(</b> 378,7 <b>76)</b>		5,0
Net assets, beginning		676,282		1,273,883		<b>1</b> ,104,4 <b>60</b>		725,
Net assets, ending	\$	1,273,883	-\$	1,104,460	-\$	725,6 <b>84</b>	\$	730,

Fiscal year 2003 was the first year the District reported under GASB No. 34. Consequently, financial trends for government-wide financial statements are presented from this fiscal year there on.

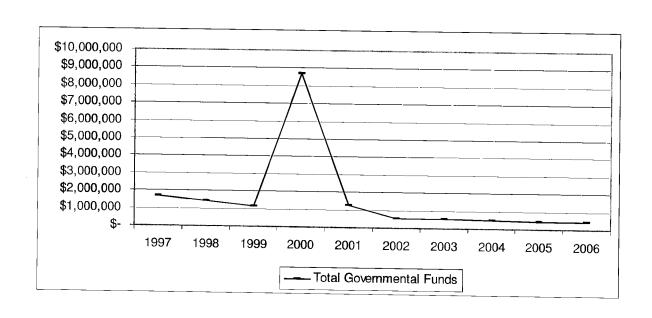
The 2005 financial statements were restated in the fiscal year 2006 comprehensive financial report to report property tax receivables, deferrals, and revenues in accordance with GASB No. 33.

#### Beaver County School District Governmental Funds Aggregate Fund Balances

June 30, 1997 through 2006

					Specia	l Revenue		
Year Ended June 30th	General Fund	Debt Service	Capital Projects	Non K-12 Instruction	Food Services	Student Activities	Scholarship	Total Governmental Funds
1997	<b>\$</b> 619, <b>842</b>	<b>\$ 42</b> 0,887	\$ 410,492	<b>\$</b> 39, <b>915</b>	\$ 204,462	\$ -	\$ -	\$ 1,695,598
1998	818, <b>603</b>	<b>30</b> 0,998	286,074	8, <b>584</b>	(3,603)	-	-	1,410,656
1999	691,272	<b>19</b> 0,845	181,233	209	5,418	78,289	_	1,147,266
2000	715, <b>490</b>	10,316	7,8 <b>73,51</b> 8	349	51,137	63,372	_	8,714,182
2001	518, <b>401</b>	26,280	5 <b>22,76</b> 7	24,546	112,759	<b>53,</b> 851	_	1,258,604
2002	5,036	363	1 <b>72,69</b> 9	127,148	125,250	93,675	_	524,171
2003	8,123	5,695	175,680	8,982	<b>10</b> 3,165	137,730	100,939	540,314
2004	2,465	18,552	190,276	218	3,210	153,245	96,716	464,682
2005	90,294	(780 <b>)</b>	<b>3,91</b> 5	68,956	38,155	164,904	92,525	<b>457,9</b> 69
2006	(144,876)	<b>19</b> 3,962	27,628	45, <b>483</b>	16,376	219,931	89,514	448,018
*Percentage								
Change	-123. <b>37%</b>	-53.92%	-9 <b>3.27</b> %	13. <b>95%</b>	<b>-91</b> .99%			-73.58%

<sup>\*</sup>Percentage change = (2006/1997) -1



# Beaver County School District Governmental Funds Reserved and Unreserved Fund Balances

June 30, 1997 through 2006

									Specia	l Revenue			
Fiscal year 1997:	Gen <u>Fu</u>			Debt ervice		Capital rojects	Food <u>Service</u>	s	Non <u>K-12 Inst.</u>	Student Activities	Scholarship	G	Total overnmental <u>Funds</u>
Reserved fund balances Unreserved fund balances		0,0 <b>00</b> 9,8 <b>42</b>	\$ 4	120,887 -	7 \$	<b>410</b> ,492 -	\$ 39,91	5 5	\$ 204,462	\$	- \$ -	\$	1 <b>,375</b> ,756
Total fund balances	61	9,842		20,887	7 .	410,492	39.91	5	204,462		<del></del>		319,842
Fiscal year 1998: Reserved fund balances Unreserved fund balances Total fund balances		8,603 8,603		300,998 - 300,998		286,074  286.074	8,58	-	(3,603)		- - -		1,695,598 587,072 823,584
Fiscal year 1999:				750,000		200,074	0,56	-	(3,603)	:	·		<u>1,410,656</u>
Reserved fund balances Unreserved fund balances Total fund balances		1,272 1,272		90,845		1 <b>8</b> 1,233 - 1 <b>8</b> 1,233	20:		5,418	<b>78,2</b> 89			455,994 691,272
		1,212		30,043		101,233	209	9	5,418	78,289			1,147,266
Fiscal year 2000: Reserved fund balances Unreserved fund balances		5,4 <b>90</b>		1 <b>0,31</b> 6		3 <b>73,</b> 518	349	9	51,137	<b>63,</b> 372	-		7, <b>998,</b> 692 <b>715,</b> 490
Total fund balances	718	5,490		10,316	7,8	3 <b>73</b> ,518	349	9	51,137	63,372	-		8,714,182
Fiscal year 2001:  Reserved fund balances Unreserved fund balances		 3,401		26,280	5	5 <b>22,</b> 767	<b>24</b> ,546	- 5	112,759	53,851	-		740,203 518,401
Total fund balances	518	3,401		26,280	5	22,767	24,546	3	112,759	53,851			1,258,604
Fiscal year 2002:  Reserved fund balances  Unreserved fund balances		5,036		363		<b>72,</b> 699	<b>12</b> 7,148	-	125,250	<b>93,6</b> 75	-		519,135 5,036
Total fund balances	5	,036		363	1	72,699	127,148	3	125,250	93,675	-	_	524,171
Fiscal year 2003:  Reserved fund balances  Unreserved fund balances  Total fund balances		3,123 3,123		5,695 5.695		75,680 - 75,680	8,982	•	103,165	137,730	100,939		532,191 8,123
Figure 2004.		, 120		3,035		75,000	8,982	<u>-</u>	103,165	137,730	100,939		540,314
Fiscal year 2004:  Reserved fund balances  Unreserved fund balances  Total fund balances		,465		18,552		90,276	218		3,210	153,245	96,716		- <b>462,217</b> 2,465
-	2	,465		18,552	1	90,276	218		3,210	153,245	96,716		464,682
Fiscal year 2005:													
Reserved fund balances Unreserved fund balances Total fund balances		- ,29 <b>4</b> ,294		(780) - (780)		3,915	38,155		68,956	164,904	<b>9</b> 2,525		3 <b>67,6</b> 75 90,294
	- 30	,204		(100)		<b>3,</b> 915	<b>38</b> ,155		68,956	164,904	92,525		<b>457,9</b> 69
Fiscal year 2006: Reserved fund balances Unreserved fund balances	265 (410	,599)		3,962		- 2 <b>7,6</b> 28	<b>16,</b> 376		45, <b>483</b>	21 <b>9,93</b> 1 -	<b>8</b> 9,514		814,613 (366,595)
Total fund balances	\$ (144	,876)	<b>\$</b> 19	3,962	\$ 2	27,628	<b>\$ 16</b> ,376	\$	45,483	\$ 219,931	\$ 89,514	\$	448,018

#### Beaver County School District Total Governmental Funds Changes in Fund Balances

Years Ended June 30, 1997 through 2006

	1997	1998	1999	2000
Revenues:				ф о E44 0E0
Property taxes	\$ 2,269,051	\$ 2,333,594	\$ 2,320,096	\$ 2,541,258
Other local	246,583	322,198	675,425	1,026,162
State of Utah	4,689,528	4,641,274	4,887,370	5,030,050
Federal government	367,298_	363,958_	407,729	591,432
Total revenues	7,572,460	7,661,024	<u>8,290,620</u>	9,188,902
Expenditures:				
Current:		4.400.470	4 4E7 ECO	4,579,253
Instructional services	3,995,122	4,182,173	4,457,562	4,579,255
Supporting services:			101 000	200 200
Students	110,686	156,006	191,630	280,389
Instructional staff	154,601	170, <b>69</b> 6	192,593	180,618
District administration	230,789	245 <b>,63</b> 5	251,612	246,169
School administration	491,182	512,460	430,400	484,747
Business	-	-	74,013	82,849
Operations and maintenance	<b>67</b> 8,05 <b>6</b>	762, <b>96</b> 1	808,182	785,064
Student transportation	1 <b>8</b> 7,28 <b>1</b>	193,209	235,869	286,826
*Central and other	52,073	243,605	75,231	107,273
School food services	<b>24</b> 0,95 <b>9</b>	252 <b>,62</b> 8	279,365	304,301
Community services	54,275	<b>25,13</b> 5	<b>43,</b> 762	82,743
Facilities and construction	451,071	35 <b>7,46</b> 0	384,799	<b>2,23</b> 2,670
Student activities	-	3 <b>6,22</b> 0	322,479	392,425
Debt service:				
Principal retirement	483,253	380 <b>,00</b> 0	3 <b>95,</b> 000	415,000
Interest and fees	487,528_	427,778	411,513	663,402
Total expenditures	7,616,876	7,945,966	<u>8,554,010</u>	11,123,729
Excess (deficiency) of		(004.040)	(aca aca)	(4.024.927)
revenues over (under) expenditures	(44,416)	(284,942)	(263,390)	(1,934,827)
Other financing sources (uses):				0.074.749
Sale of bonds	-	-	-	9,371,743
Proceeds from loan	-	-	-	130,000
Proceeds from issuance of debt	<b>3</b> 50,0 <b>00</b>	-	-	-
Operating transfers in	<b>2</b> 17,2 <b>40</b>	-	13,800	145,400
Operating transfers (out)	<u>(217,2<b>40</b>)</u>		(13,800)	(145,400)
Total other financing sources (uses)	350,000		<del></del>	9,501,743
Net change in fund balance	\$ 305,584	\$ (284,942)	\$ (263,390)	\$ 7,566,916
Debt service as a percentage			2.25	40.40/
of noncapital expenditures	14.3%	11.6%	9.8%	12. <b>4</b> %

<sup>\*</sup> District records from previously published annual financial reports indicate fiscal years 1998, 1999, 2001, 2002, 2003 prior year ending fund balances, and current year beginning fund balances do not match. The "current and other" function was adjusted for prior period adjustments to compensate for these differences.

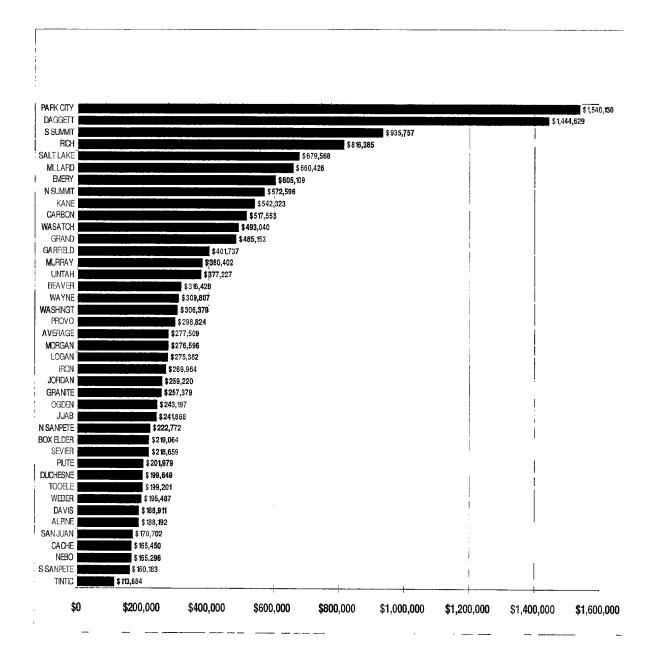
<sup>\*\*</sup> The District restated its property tax revenues for fiscal year 2005 in its fiscal year 2006 comprehensive annual financial report to be compliant with the standards outlined in GASB No. 33.

### **Beaver County School District Total Governmental Funds** Changes in Fund Balances (continued) Years Ended June 30, 1997 through 2006

2001	2002	2003	2004	<b>**20</b> 05	2006
\$ 3,206,561	<b>\$ 3</b> ,336,762	\$ 3,359,266	\$ 3,824,425	\$ 3,949,276	<b>\$4,2</b> 73,905
1,092,405	837.171	1,050,872	866,050	<b>8</b> 19,34 <b>4</b>	975,817
5,456,781	5,801.772	5,74 <b>8,25</b> 2	5,876,152	6,402,060	6,667,476
639,737	589, <b>405</b>	1,21 <b>4,11</b> 4	876,315	982,763	992,448
10,395,484	10,565.110	11,372,504	11.442,942	12,153,443	12,909,646
		<del></del>			
<b>4,72</b> 0,79 <b>4</b>	5,310,064	5,72 <b>7,29</b> 6	5,7 <b>33,</b> 772	6,194,130	<b>6,3</b> 05,6 <b>8</b> 6
300,245	276,477	147,333	123,731	146,571	250,001
174,874	117,356	96,747	94,749	166,423	86,604
340,474	357,812	47 <b>2,41</b> 8	517,481	646,708	478,292
<b>4</b> 73,6 <b>35</b>	534, <b>697</b>	563, <b>9</b> 92	605,663	637,214	716,217
88,0 <b>49</b>	76 <b>,65</b> 5	107,301	122,714	81,458	<b>1</b> 86,114
1,038,64 <b>6</b>	1,049, <b>064</b>	1,15 <b>0,33</b> 2	1,3 <b>52,</b> 161	1,504,296	1,621,478
396,134	273, <b>697</b>	19 <b>9,8</b> 69	409,656	<b>27</b> 6,54 <b>6</b>	322,511
232,962	124, <b>429</b>	5 <b>5,4</b> 96	180,626	<b>15</b> 6,71 <b>2</b>	2,200
298,808	384,075	352,906	410,896	463,718	524,955
68,194	84, <b>4</b> 72	736	451	114	-
7,858,354	809,810	62 <b>4,79</b> 3	247,059	107,199	222,573
<b>4</b> 18,490	395,700	50 <b>5,07</b> 1	523,852	561,758	547,032
569,353	480, <b>049</b>	62 <b>2,2</b> 62	671,200	685,827	1,055,355
872,050	1,030,225_	724,809	519,563	526,482	600,579
17,851,062	11,304,582	11,351,361	11,5 <b>13,</b> 574	12,155,156	12,919,597
(7,455,578)	<b>(</b> 739, <b>472</b> )	21.143	(70,632)	(1,713)	(9,951)
_	-	-	F	_	-
-	-	-	<u>-</u>	-	-
11,400	267,039	330,000	7 <b>43.8</b> 66	9 <b>5</b> 0.00 <b>0</b>	-
(11,400)	(262,000)	(335,000)	(7 <b>48,8</b> 66)	( <b>95</b> 5,00 <b>0</b> )	_
(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		<u> </u>			
-	5,039	(5,000)	(5,000)	(5,000)	-
\$ (7,455,578)	<b>\$</b> (734,433)	\$ 16,143	\$ (75,632)	\$ (6,713)	\$ (9,951)
15.3%	15.4%	12.8%	10.7%	10.1%	12.8%

# Beaver County School District Assessed Property Tax Valuation Per Student Comparison of Utah School Districts

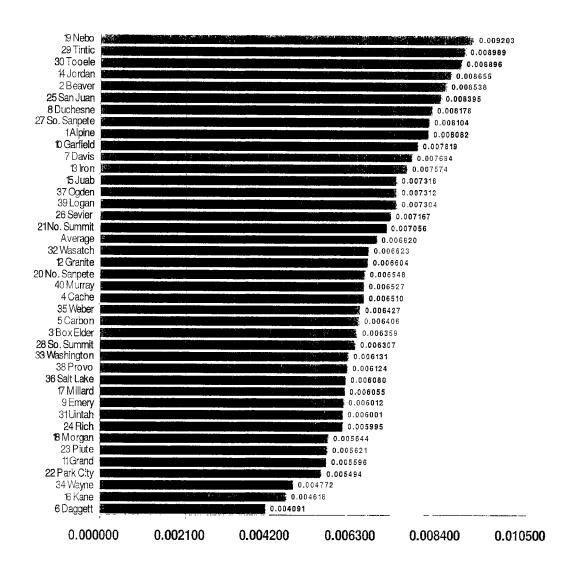
Fiscal Year 2004-05



Source: This data is the most up to date information available from Utah State Office of Education at the time this report was published; http://www.schools.utah.gov/finance/

## Beaver County School District Comparison of Utah School District Property Tax Rates

Tax Year 2005, Fiscal Year 2005-06



Source: Utah State Office of Education, http://www.schools.utah.gov/finance/

### Beaver County School District Basic Tax Rates and Yield

Tax Years 1980 through 2005, Fiscal Years 1981 through 2006

Tax Year 1980* 1981* 1982* 1983* 1984* 1985* 1986* 1987* 1988* 1989* 1990* 1991* 1992* 1993* 1994*	Basic Tax <u>Rate**</u> 0.004534 0.004650 0.004650 0.004436 0.004214 0.004256 0.004656 0.004656 0.004657 0.004275 0.004275	\$ Actual Dollars Yielded State-Wide 130,226,979 133,212,244 143,377,223 154,917,374 163,212,145 165,938,931 175,934,995 189,140,393 185,504,594 209,152,243 206,547,092 206,980,205 233,270,047 246,061,605 265,169,587	١	/ield if Rate Vas Frozen 0.002640***		Estimated Potential Loss	Final Value with Estimated Adjustments for Redevelopment
1994	0.004220	198,601,148					
1996	0.002040	 173,139,225	\$	212,455,998	\$	39,316,773	80,475,756,722
1997	0.002046	179,999.007	φ	236,976,693	Φ	56,977,686	89.763.899.050
1998	0.001840	177,151,434		253,437,490		76,286,056	95,999,049,091
1999	0.001840	188,076,348		255,041,259		66,964,911	96,606,537,636
2000	0.001881	204,833,990		272,269,677		67,435,688	103,132,453,579
2001	0.001785	206,375,916		304,499,082		98,123,166	115,340,561,308
2002	0.001807	222,423,539		316,857,237		94,433,698	120,021,680,757
2003	0.001825	226,447,025		327,811,522		101,364,497	124,171,031,015
2004	0.001800	236,027,265		354,959,410		118,932,145	134,454,321,888
2005****	0.001720	225,872,138		346,001,324		120,129,186	131,061,107,561

Estimated Ten Year Loss:

\$ 839,963,805

Note: Beginning January 1, 1986 HB 326, enacted by the 1985 Legislature, required all ad valorem assessed valuations to be at 100% of value. At that time the "old" Utah mill levy was converted to a standard "Tax Rate." All tax rates shown in this table have been changed to reflect this change to the new Tax Rate.

\*Years in which funds were recaptured as a revenue source to the Uniform School Fund (USF) the following year from districts which collected more from the Basic Rate than they gererated from the Basic School Program (WPUs). Since recapture funds are not available to the Basic School Program and are deposited as part of the total USF the following year, no recapture funds are shown in these data.

Source: Utah State Office of Education, http://www.schools.utah.gov/finance/

<sup>\*\* 1980</sup> to 1985 the Basic Rate varied by school district; the rate shown is a statewide average.

<sup>\*\*\*</sup>Estimated yield is based on actual final assessed valuations adjusted by estimated redevelopment impact on final yield; collections are assumed to be 100% for all years to reflect the history of statewide current and prior years' collections.

<sup>\*\*\*\*</sup>Yield shown is Legislative target rather than actual collections.

### **Beaver County School District** Largest Property Taxpayers by Individual Properties June 30, 2001 and 2006

	Tax Year	2005, Fisc	al Year 2006	Tax Year	l Year 2001	
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Circle Four, LLC	59,443,100	1	12.88%	49,103,110	2	12.73%
Nimbus Loand Fund, LLC	4,142,255	2	0.90%	-,, · · -	_	
Lodging Enterprises, Inc	1,532,160	3	0.33%			
South Creek Investors, LC	1,473,395	4	0.32%			
High Country Land Management	1,461,805	5	0.32%			
Waddingham Thorpe Trustee	1,459,185	6	0.32%			
Huntington Fred & Don Fullm	1,342,635	7	0.29%	1, <b>387</b> ,778	17	0.36%
Porter Construction, LLC	1,175,490	8	0.25%	1,007,770	• •	0.0070
WBR, Inc	1,090,875	9	0.24%	1,090,375	20	0.28%
Payal, LLC	1,049,220	10	0.23%	1,000,010	20	0.2070
The Gas Patch, LLC	934,630	11	0.20%			
Erickson, Erickson, Borwn	911,965	12	0.20%			
Black Leland Ray	863,920	13	0.19%			
Beaver Homes, Inc.	795,605	14	0.17%			
Wiseman Farms, LLC	7 <b>90,4</b> 20	15	0.17%			
Rosenloff, Michael K.	7 <b>80,4</b> 35	16	0.17%			
Elk Meadows Ski Resort	77 <b>4,7</b> 75	17	0.17%	1,385,141	18	0.36%
Riley, Michael J	7 <b>42,7</b> 70	18	0.16%	1,000,141	10	0.0070
Wilson RF Trustee	735,645	19	0.16%			
Beaver I-15 Texaco	71 <b>4,0</b> 25	20	0.15%			
Pacificorp	, , ,,,,,,	20	0.1075	50,489,885	1	13.09%
Kern RiverTransimission Co.				27,339,735	3	7.09%
MCI Worldcom				11,711,300	4	3.04%
Intermountain Geothermal Co.				8,847,240	5	2.29%
Intermountain Power Agency				8, <b>081</b> ,055	6	2.10%
Union Pacific RR Co.				7, <b>380</b> ,850	7	1.91%
U.S. West Communications				6,695,700	8	1.74%
Twin Mountain Rock				5, <b>853</b> ,250	9	1.52%
Meadows Operations				5, <b>659</b> ,194	10	1.47%
Questar Gas				2,130,010	11	0.55%
Qwest Communications Corp.				2,125,940	12	0.55%
Basin Perlite Co.				2,079,695	13	0.54%
South Central Telephone Co.				1,998,230	14	0.52%
Crown Resources				1,641,685	15	0.43%
State Tax Commission				1,415,060	16	0.37%
Western Wireless Corp.				1,099,505	19	0.29%

Source: This data is the most up to date information available from the Beaver County Treasurer at the time this report was published.

### **Beaver County School District** Property Tax Levies and Collections Years Ended June 30, 1997 through 2006 Tax Rates Per \$1

_	Calendar Tax Year	Fiscal Year Ended June 30th	Tax Rate	otal Adjusted ssessed Value	 Taxes Assessed
	1996	1997	0.0 <b>059</b> 97	\$ 323,812,352	\$ 1,941,903
	1997	1998	0.006215	344,786,383	2,142,847
	1998	1999	0.006128	360,306,639	2,207,959
	1999	2000	0.005956	379,742,776	2,261,748
	2000	2001	0.007848	385,723,245	3,027,156
	2001	2002	0.007546	399,204,929	3,012,400
	2002	2003	0.007915	386,493,762	3,059,098
	2003	2004	0.007888	434,014,679	3,423,508
	2004	2005	0.008098	446,525,427	3,615,963
	2005	2006	0.008538	461,590,937	3,941,063

Source: This data is the most up to date information available from the Beaver County Treasurer at the time this report was published.

### **Beaver County School District** Property Tax Levies and Collections (continued) Years Ended June 30, 1997 through 2006 Tax Rates Per \$1

Collected within	n the Calendar Yo	ear of the Levy	Subsequent Years	Total Collections			
Current	Percent of Current Collections	Fee-in-Lieu & Other Collections	Delinquent Collections	Amount	Percent of Annual Assessment		
\$ 1,866,759	96.10%	\$ <b>2</b> 36,8 <b>99</b>	\$ 74,329	\$ 2,177,987	99.96%		
2,016,702	94.00%	262,419	87,206	2,366,327	98.38%		
2,071,020	94.00%	269,597	66,575	2,407,191	97.16%		
2,088,482	90.00%	286,917	69,820	2,445,219	95.94%		
2,759,060	91.00%	317,699	128,775	3,205,534	95.83%		
2,733,464	91.00%	336,052	150,381	3,219,897	96.16%		
2,785,508	89.00%	334,009	258,150	3 <b>,37</b> 7,66 <b>6</b>	99.54%		
3,232,952	93.00%	341,794	249,702	3,824,447	101.57%		
3,341,503	93.00%	354,771	195,148	3,891,423	98.00%		
3,709,960	94.21%	<b>3</b> 93,0 <b>54</b>	302,776	4,405,790	101.65%		

### **Beaver County School District** Property Tax Rates – Direct and Overlapping Governments Years Ended June 30, 1997 through 2006

Tax Year	Fiscal Year Ended June 30th	Beaver County School District	Beaver County	Total Tax Rate
1996	1997	0.005997	0.002640	0.008637
1997	1998	0.006215	0.002736	0.008951
19 <b>98</b>	1999	0.006128	0.002332	0.00846
1999	2000	0.005956	0.002251	0.008207
2000	2001	0.007848	0.002191	0.010039
2001	2002	0.007546	0.002131	0.009677
2002	2003	0.007915	0.002106	0.010021
2003	2004	0.007888	0.002041	0.009929
2004	2005	0.008098	0.002050	0.010148
2005	2006	0.008538	0.002119	0.010657

Source: Beaver County Auditor

## Beaver County School District Taxable and Estimated Actual Value of Taxable Property

Years Ended June 30, 1997 through 2006

Tax Year	Fiscal Year Ended June 30th	Real Property Taxable Value	Centrally Assessed Taxable Value	Personal P <b>rope</b> rty Taxable Value	Total Taxable Value	E <b>sti</b> mated Actual Value	Ratio of Total Taxable Value to Total Estimated Actual Value
1996	1997	\$ -	\$ -	\$ -	\$ 323,812,352	\$ 401,802,149	80.59%
1997	1998	-	-	-	344,786,383	<b>42</b> 7,827 <b>,749</b>	80.59%
1998	1999	-	-	-	360,306,639	<b>447</b> ,086 <b>,039</b>	80.59%
1999	2000	-	-	-	379,742,776	<b>471</b> ,203 <b>,345</b>	80.59%
2000	2001	-	-	-	385,723,245	<b>478</b> ,624 <b>,203</b>	80.59%
2001	2002	241,3 <b>40,</b> 657	152,306,250	5 <b>,55</b> 8,022	399,204,929	495,741,192	80.53%
2002	2003	247,8 <b>72,</b> 027	138 <b>,621</b> ,735	<b>6,72</b> 5,097	39 <b>3,2</b> 18,85 <b>9</b>	<b>492</b> ,367 <b>,670</b>	79.86%
2003	2004	251, <b>950,</b> 149	18 <b>2,064</b> ,530	10,532,040	444,546,719	<b>545</b> ,326, <b>779</b>	81.52%
2004	2005	267, <b>071,6</b> 30	169,092,375	10,361,422	446,525,427	553,354,079	80. <b>69</b> %
2005	2006	282,705,613	169,887,800	8,997,524	461,590,937	574,673 <b>,182</b>	80.32%

Source: Beaver County Treasurer

Tax Years 1996 through 2000 detailed information was not available for real, centrally assessed, and personal property at the time this report was published. Estimated actual values for these years were estimated using the average ratio from tax years 2001 through 2005.

# Beaver County School District History of the Value of the WPU Weighted Pupil Unit (WPU)

Utah Legislative Funding Method Years Ended June 30, 1976 through 2007

	WPU	Dollar	Percent
Year	Value	Change	Change
1975-76	\$ 621	\$ -	
1976-77	683	62	9.98%
1977-78	732	49	7.17%
1978-79	795	63	8.61%
1979-80	852	57	7.17%
1980-81	946	94	11.03%
1981-82	1,003	57	6.03%
1982-83	1,103	100	9.97%
1983-84	1,103	0	0.00%
1984-85	1,124	21	1.90%
1985-86	1,180	56	4.98%
1986-87	1,204	24	2.03%
1987-88	1,204	0	0.00%
1988-89	1,204	0	0.00%
1989-90	1,240	36	2.99%
1990-91	1,346	106	8.55%
1991-92	1,408	62	4.61%
1992-93	1,490	82	5.82%
1993-94	1,539	49	3.29%
1994-95	1,608	69	4.48%
1995-96	1,672	64	3.98%
1996-97	1,739	67	4.01%
1997-98	1,791	52	2.99%
1998-99	1,854	63	3.52%
1999-00	1,901	47	2.54%
2000-01	2,006	105	5.52%
2001-02	2,116	110	5.48%
2002-03	2,132	16	0.76%
2003-04 2004-05	2,150	18 18 18 18 18 18 18 18 18 18 18 18 18 1	0.84%
	2,182	32	1.49%
2005-06	2,280	98	4.49%
2006-07	2,417	137	6.01%

Average increase from 1977 to 2006	4.52%
10 Year Increase from 1998 top 2007	34.95%
10 Year Average increase from 1998 to 2007	3 36%

Source: Utah State Office of Education, http://www.schools.utah.gov/finance/

## Beaver County School District Overlapping and Underlying General Obligation Debt

June 30, 2006

Taxing Entity	Taxable Value	Board's Portion of Taxable Value	Board's Percentage	Entity's General Obligation Debt	Board's Portion of G.O. Debt	
Overlapping:						
State of Utah	\$ 1 <b>44,5</b> 40,00 <b>0,000</b>	\$ 461,590 <b>,937</b>	0.32%	\$ 3,379,077,000	\$ 3,379,077,000	
Beaver County	<b>4</b> 61,59 <b>0,93</b> 7	461,590,937	100.00%	<b>14,4</b> 44,061	14,444,061	
Total overlapping					3,393,521,061	
Underlying:						
Beaver City	93,037,296	93,037,296	100.00%	3,524,137	3,524,137	
Milford City	40,712,103	40,712,103	100.00%	1,772,401	1,772,401	
Minersville City	14,629,617	14,629,617	100.00%	821,473	821,473	
Beaver County Service District #1-Fire	174,258,682	174,258,682	100.00%			
Beaver County Service District #2-Fire	265,295,087	265,295,087	100.00%	<b>3</b> 82,00 <b>0</b>	382,000	
Beaver County Service District #3-Hospital	265,295,087	265,295,087	100.00%	,	-	
Elk Meadows Special Service District	22,037,176	22,037,176	100.00%	1,155,00 <b>0</b>	1,155,000	
Health	<b>4</b> 61,59 <b>0,93</b> 7	461,590,937	100.00%			
Library	461,590,937	461,590,937	100.00%	-	-	
Multi County Assessing	<b>4</b> 61,59 <b>0,93</b> 7	461,590,937	100.00%	-	-	
County Assessing	461,59 <b>0,93</b> 7	461,590,937	100.00%	-	-	
Total underlying					7,655,011	
Total overlapping and underlying genera	I obligation debt				-	3,401,176,072
Total overlapping and general obligation debt (exc					22,099,072	
	Total direct general obligation bonded indebtednesss  Total direct and overlapping general obligation debt (excluding the State)  14,085,000					3 <b>6,18</b> 4,072
Total underlying general obligation debt					7,655,011	
Total direct general obligation bonded indebtednesss  Total direct and underlying general obligation debt (excluding the State)					21,740,011	
Total overlapping and underlying general obligatio		e)			29,754,083	
Total direct general obligation bonded indebtednes					14,085,000	
Total direct, overlapping, and underlying gene	ral obligation debt (excludi	ng the State)				\$ 43,839,083

All or portions of these governmental entities outstanding general obligation debt are supported by user fee revenues. The District's portion of overlapping and underlying general obligation debt does not include user fee revenue supported general obligation debt.

The State's general obligation debt is not included in some calculations because the State currently levies no property tax for payment of general obligation bonds.

Each entity's annual audited financial statements can be accessed at the state auditor's website at http://www.sao.state.ut.us/reports/lgfs.htm.

#### **Beaver County School District General Fund** Changes in Fund Balances & Ratio of Annual Debt Service

### **To General Fund Expenditures**

Years Ended June 30, 1997 through 2006

		1997		1998		1999		2000
Revenues:								
Property taxes	\$	<b>92</b> 4,79 <b>4</b>	\$	1,397,848	\$	1,361,707	\$	1,484,388
Other local		128,805		190,547		1 <b>62,1</b> 76		<b>20</b> 8,90 <b>3</b>
State of Utah		<b>4,68</b> 2,157		4,633,376		4,881,936		5,021,853
Federal government		231,783		233,993		258,048		423,104
Total revenues	_	5,967,539		6,455,764		6,6 <b>63,8</b> 67		7,138,248
Expenditures:								
Current:								
Instructional services		3,995,122		4,182,173		4,4 <b>57,</b> 562		4,579,253
Supporting services:								
Students		<b>11</b> 0,68 <b>6</b>		156,006		191,630		<b>28</b> 0,38 <b>9</b>
Instructional staff		154,601		170,696		1 <b>92,</b> 593		180,618
District administration		230,789		245 <b>,63</b> 5		251,612		246,169
School administration		491,182		512,460		430,400		<b>4</b> 84,74 <b>7</b>
Business				-		74,013		<b>8</b> 2,84 <b>9</b>
Operations and maintenance		<b>67</b> 8,05 <b>6</b>		762 <b>,961</b>		808,182		785,064
Student transportation		187,281		19 <b>3,20</b> 9		235,869		<b>28</b> 6,82 <b>6</b>
*Central and other		73,491		126,078		106,179		172,715
Total expenditures		5,921,208	_	6,349,218		6,7 <b>48,0</b> 40	_	7,098,630
Excess (deficiency) of								
revenues over (under) expenditures		46,331		106,546		(84,173)		39,618
Other financing sources (uses):								
Sale of bonds		_		-		-		-
Proceeds from loan		-		-		-		<b>13</b> 0,00 <b>0</b>
Proceeds from issuance of debt		-		-				· -
Operating transfers in		_		-		-		-
Operating transfers (out)		<u>-</u>	_			(13,800)		(145,400)
Total other financing sources (uses)		-		<u>-</u>	_	(13,800)	-	(15,40 <b>0</b> )
Net change in fund balance	\$	46,331	\$	106,546	-\$	(97,973)	\$	24,218
J	<del>1</del>	<u> </u>	<u>-</u>				====	
Total debt service expenditures (all funds):	\$	970,781	\$	807,778	\$	806,513	\$	1,078,402
Debt service as a percentage of total general fund expenditures:		20.47%		12.72%		11.95%		<b>1</b> 5.19%

<sup>\*</sup> District records from previously published annual financial reports indicate fiscal years 1998, 1999, 2001, 2002, 2003 prior year ending fund balances, and current year beginning fund balances do not match. The "current and other" function was adjusted

<sup>\*\*</sup> The District restated its property tax revenues for fiscal year 2005 in its fiscal year 2006 comprehensive annual financial report to be compliant with the standards outlined in GASB No. 33.

#### **Beaver County School District** General Fund

### Changes in Fund Balances & Ratio of Annual Debt Service To General Fund Expenditures (continued) Years Ended June 30, 1997 through 2006

2001	2002	2003	2004	**2005	2006
<b>\$</b> 1, <b>483</b> ,358	\$ 1,543,650	<b>\$ 1,5</b> 54,0 <b>02</b>	\$ 1,849,086	<b>\$</b> 1,8 <b>50,8</b> 73	\$ 1,923,708
284,139	273,022	298,312	195, <b>019</b>	94,614	198,925
5, <b>409</b> ,119	5,793,304	5,748,252	5,822,378	6,339,856	6,338,540
492,144	<b>38</b> 9,07 <b>9</b>	614,427	615, <b>99</b> 7	662,658	664,586
7, <b>668,</b> 760	7,999,055	8,214,993	8,482,480	8,948,001	9,125,759
<b>4,720,</b> 794	5,310,064	<b>5,7</b> 27, <b>296</b>	<b>5</b> ,733, <b>772</b>	6,1 <b>94,1</b> 30	5,987,508
300,245	276,477	147,333	123,731	146,571	245,001
174,874	117,356	96,7 <b>47</b>	94,749	166,423	86,604
340,474	<b>35</b> 7,81 <b>2</b>	472,418	517 <b>,481</b>	646,708	<b>47</b> 5,844
<b>473</b> ,635	534,697	563,9 <b>92</b>	605, <b>66</b> 3	637,214	716,217
<b>88,</b> 049	76,65 <b>5</b>	107,301	122,714	81,458	186,114
1,038,646	1,049,064	<b>1,1</b> 50,3 <b>32</b>	1,352,161	1,504,296	1,341,343
396,134	273,697	199,869	409,656	276,546	320,098
321,598	304,598	66,618_	181 <b>,07</b> 7	156,826	2,200
7,854,449	8,300,420	8,531,906	9,141,004	9,810,172	9,360,929
(185,689)	<b>(30</b> 1,365)	(316,913)	(658,524)	(8 <b>62,1</b> 71)	(235,170)
-	-	-	-	-	-
=	-	-	-	-	-
-	-	-	-	-	-
(11.400)	(010 000)	325,000	698,366	9 <b>50,0</b> 00	-
(11,400)	(212,000)	(5,000)	(45,500)		
(11,400)	(212,000)	320,000	652,866	950,000	
\$ (197,089)	\$ (513,365)	\$ 3,087	\$ (5,658)	\$ 87,829	\$ (235,170)
<b>\$</b> 1, <b>441</b> ,403	\$ 1,510,274	\$ 1,347,071	\$ 1,190,763	<b>\$</b> 1,2 <b>12,3</b> 09	\$ 1,655,934
18.35%	18.20%	15.79%	13.03%	12.36%	17.69%

### **Beaver County School District** Schedule of Long-Term Debt Service Years Ending June 30, 2007 through 2019

		2007	2008	2009	2010	2011
Debt Service Fund:						•
General obligation bonds:						
Series 2004 A Refunding \$ 9,910,000	Principal Interest	\$ 320,000 410,390	\$ <b>240,</b> 000 <b>400,</b> 790	\$ 250,000 39 <b>2,99</b> 0	\$ 250, <b>000</b> 384, <b>866</b>	\$ 260,000 <b>3</b> 75,490
Series 2004 B Refunding	Principal	600,000	625,000	64 <b>0,00</b> 0	665,000	<b>6</b> 90,0 <b>00</b>
\$ 5 <b>,920</b> ,000	Interest	161,708	<b>143,</b> 708	124,958	103,838	80,562
Total Principal - Debt S	Service Fund	920,000	865,000	89 <b>0,00</b> 0	915,000	<b>9</b> 50,00 <b>0</b>
Total Interest - Debt S	Service Fund	572,098	<b>544,</b> 498	51 <b>7,94</b> 8	488,704	456,052
Total - Debt \$	Service Fund	1,492,098	1,409,498	1,40 <b>7,94</b> 8	1,403, <b>704</b>	1,406,052
Capital Projects Fund:						
Notes payble obligations:						
1998 land purchase	Principal	30,000	<b>30,</b> 000	24,247	-	-
\$ 350,000	Interest	8,425	5,425	2,425	-	-
Total Principal - Capital F	rojects Fund	30,000	<b>30,</b> 000	24,247	-	-
Total Interest - Capital P	rojects Fund	8,425	5,425	2,425		
Total - Capital F	Projects Fund	38,425	35,425	26,672		
Multiple Funds:						
*Early retirement obligations		<b>15</b> 0,64 <b>7</b>	<b>83</b> ,088	<b>45,52</b> 9	23,510	-
Total Early Retirement Incen	tives Liability	150,647	83,088	45,529	23,510	
Total long-term debt obligations:						
Total Principal - All Funds - All Long	g-Term Debt	1 <b>,10</b> 0,647	<b>978,</b> 088	9 <b>59,77</b> 6	938,510	<b>9</b> 50,0 <b>00</b>
Total Interest - All Funds - All Long	•	580,523	<b>549</b> ,923	520,373	488, <b>704</b>	456,052
Total - All Funds - All Long	g-Term Debt	\$1,681,170	\$1,528,011	\$1,480,149	\$1,427,214	\$1,406,052

<sup>\*</sup>Early retirement obligation projections are based upon a 11.1% annual health insurance inflation rate.

### **Beaver County School District** Schedule of Long-Term Debt Service (continued) Years Ending June 30, 2007 through 2019

***	10,000 <b>\$ 9,410,000</b> 70,500 <b>3,986,284</b>
715,000 740,000	,,
	4,675,000
56,412 29,600	- 70 <b>0,78</b> 6
	10,000 14,085,000
	70,500 4,68 <b>7,070</b> 80,500 <b>18,772,070</b>
	- 84,247 - 16,275
	- 16,275 - 84,247
	16,275
	- 100,522
	302,775
	- 302,775
	10,000 14,472,022
	70,500 4,70 <b>3,345</b> 80,500 <b>\$19</b> ,17 <b>5,367</b>

### **Beaver County School District** Ratios of Outstanding General Obligation Debt June 30, 1997 through 2006

Year Ended June 30th	outstanding eral Obligation Bonds	A۷	Less: Amounts Available in Debt Service Fund		et General Obligation Debt	Net General Bonded Debt as Percentage of Taxable Value	Bo	et General Obligation Inded Debt Per Capita	Net General Obligation Bonded Debt to Personal Income
1997	\$ 9,415,890	\$	420,887	\$	8,995,003	2.78%	\$	1,535.51	-
1998	<b>9,3</b> 62,8 <b>98</b>		300,998		9,061,900	2.63%		1,544	-
1999	<b>8,7</b> 85,4 <b>29</b>		<b>83,9</b> 16		8, <b>701,</b> 513	2. <b>42</b> %		1,525	-
2000	<b>7,7</b> 05,0 <b>00</b>		10,316		7,6 <b>94,</b> 684	2.03%		1,293	· -
2001	<b>7,2</b> 70,0 <b>00</b>		26,280		7,2 <b>43,</b> 720	1.88%		1,203	-
2002	16,441,624		<b>3</b> 63		16, <b>441,</b> 261	4.12%		2,653	-
2003	15,715,000		<b>5,6</b> 95		15, <b>709,</b> 305	4.06%		2,499	1.18%
2004	<b>15,7</b> 40,0 <b>00</b>		<b>18,5</b> 52		15,721,448	3.62%		2,501	1.13%
2005	15,110,000		19,368		15, <b>090</b> ,632	3.38%		2,392	0.91%
2006	14,085,000		172,851		13,912,149	3.01%		2,194	0.75%

### **Beaver County School District** Computation of Legal Debt Margin Years Ended June 30, 1997 through 2006

Year Ended June 30th	Estimated Fair Market Value (1)	Debt Limit (2)	General Obligation Debt (3)	Legal Debt Margin (4)	Debt Margin to Debt Limit Ratio
1997	\$ 401,802,149	\$ 16,072,086	\$ 9,415,890	\$ 6,656,196	41.41%
1998	<b>427</b> ,827, <b>74</b> 9	17,113,110	9,362,898	7,750,212	45.29%
1999	447,086,039	17,883,442	<b>8</b> ,78 <b>5,42</b> 9	9,098,013	50.87%
2000	471,203,345	18,848,134	7,70 <b>5,0</b> 00	<b>11,</b> 143, <b>134</b>	59.12%
2001	478,624,203	19,144,968	7,27 <b>0,0</b> 00	11,874,968	62.03%
2002	495,741,192	19,829,648	16,441,624	<b>3,</b> 388, <b>024</b>	17.09%
2003	<b>492</b> ,367 <b>,67</b> 0	19, <b>694</b> ,70 <b>7</b>	15,715,000	3,979,707	20.21%
2004	545,326,779	21,813,071	15,740,000	6,073,071	27.84%
2005	553,354,079	22,134,163	15,110,000	7,024,1 <b>63</b>	31.73%
2006	5 <b>74,</b> 673, <b>182</b>	22,986,927	14,085,000	8,901,927	38.73%

The general obligation bonded debt of the District is limited by Utah law to 4% of the fair market value of the total taxable property in the District.

Debt Limit = column (1) x 4%

Legal Debt Margin = column (2) - column(3)

### **Beaver County School District** Selected Beaver County Economic Statistics Calendar Years 1997 through 2005

Calendar Year	Labor Force	Unemployment Rate	In	ersonal icome iillions)	Pe	r Capita ersonal ncome
1997	2,550	4.80%			,	
1998	2,506	4.80%				
1999	2,461	<b>3</b> .70%				
2000	2,688	<b>3</b> .50%				
2001	2,964	3.80%				
2002	3 <b>,09</b> 8	4.60%	\$	133.4	\$	21,876
2003	2,958	5.30%	\$	138.7	\$	22,846
2004	3,164	4.50%	\$	165.8	\$	27,223
2005	3,300	4.10%	\$	185.4	\$	29,884

The information provided is the most up to date information available from the Utah Department of Workforce Services.

### **Beaver County School District Demographic Information** Population Growth Calendar Years 1996 through 2005

Calendar Year	Population	Births	Deaths	Natural Increase	Net Migration	Annual Change	Annual Rate of Change
1996	5,858	119	49	70	116	186	3.30%
<b>19</b> 97	5,870	110	55	55	(43)	12	0.20%
1998	5, <b>705</b>	117	56	61	(226)	(165)	-2.80%
1999	5, <b>951</b>	128	57	71	175	246	4.30%
<b>20</b> 00	6,023	133	58	75	(3)	72	1.20%
2001	6,198	116	45	71	104	175	2.90%
<b>20</b> 02	6,285	120	51	69	18	87	1.40%
<b>20</b> 03	6, <b>285</b>	118	54	64	<b>(</b> 64)		
2004	6,308	132	66	66	(43)	23	0.40%
2005	6,341	134	61	73	(40)	33	0.50%

The information provided is the most up to date information available from the Utah Department of Workforce Services.

### **Beaver County School District** Beaver County Largest Employers Calendar Year 2005

<u>Organization</u>	<u>Industry</u>	Emplo Low	yment <u>High</u>	*% <b>of</b> County <u>Labor Force</u>
Circle Four Farms	Animal Production	250	<b>49</b> 9	11.35%
Beaver School District	Public Education	100	249	5.29%
Beaver Valley Hospital	Health Care	100	<b>24</b> 9	5.29%
Union Pacific Railroad	Railroad	100	<b>24</b> 9	5.29%
Beaver County	Local Government	50	<b>9</b> 9	2.26%
Milford Valley Healthcare Services	Health Care	20	49	1.05%
McDonald's	Fast Food Restaurant	20	49	1.05%
Todd's Market	Gocery Store	20	49	1.05%
United Parcel Service	Courier Service	20	49	1.05%
Mike's Food Town	Grocery Store	20	49	1.05%
High Country Fuels	Gas Station/Conenience	20	49	1.05%
State of Utah	State Government	20	49	1.05%
Ernie's Truck Plaza	Gas Station/Conenience	20	49	1.05%
Wendy's	Fast Food Restaurant	20	<b>4</b> 9	1.05%
Dairy Farmers of America, Inc.	Milk Manufacturing	20	49	1.05%
Beaver City	Local Government	20	49	1.05%
Oak Tree Inn	Accommodations	. 20	<b>4</b> 9	1.05%
Federal Government	Federal Government	20	<b>4</b> 9	1.05%
Milford City	Local Government	20	<b>4</b> 9	1.05%

<sup>\*</sup>Determined by averaging the employment high and low and dividing by 2005 total county labor force.

The information provided is the most up to date information available from the Utah Department of Workforce Services.

## Beaver County School District Full-Time Equivalent Positions by Function

Year Ended June 30, 2006

	2006
Governmental activities:	
Current:	
Instructional services	92.80
Supporting services:	
Students	5.00
District administration	2.50
School administration	9.10
Business	2.00
Operations and maintenance	12.90
Student transportation	5.10
Food service	7.90
Total full-time equivalent positions	137.30

Full-time equivalent is defined as the following:

Hourly non-exempt employees 1 FTE = 40 hours per week

Exempt employees 1 FTE = position is equivalent to full salary from salary schedule

Report does not include substitute teachers.

Full-time equivalent information was not readily available for prior years at the time this report was published. The District will be working to compile this data through the coming fiscal year and include long-term trends in future comprehensive annual financial reports.

# Beaver County School District District Student Average Daily Membership As Reported in S-3 Report (audited)

Years Ended June 30, 1997 through 2006

Year Ended June 30th	Total Average Daily Membership
1997	1,491
1998	1,460
1999	1,441
2000	1,417
2001	1,416
2002	1,445
2003	1,458
2004	1,461
2005	1,503
2006	1,510

The state of Utah requires student average daily membership (ADM) to be audited by an independent auditor at the end of each school year. The state uses average daily membership as a major component in determining much, but not all, of the funds it allocates to public school Districts in the next subsequent year.

# Beaver County School District Student Average Daily Membership by School and Grade As Reported in S-3 Report (audited)

Year Ended June 30, 2006

	Ele	mentary Scho	ools	High So	hools	
	Belknap	Milford	Minersville	Milford	Beaver	District
K	70	40	17			127
1st	69	36	18			123
2nd	77	47	19			143
3rd	67	38	16			121
4th	75	27	13			115
5th	64	29	17			110
6th	57	34	14			105
7th			10	39	63	112
8th			21	41	60	122
9th				25	85	110
10th				33	84	117
11th				29	76	105
12th				23	61	84
Membership	479	251	145	190	429	1,494
Self Contained	5	3	3	0	5	16
Full Enrollment	484	254	148	190	434	1,510

Total District:	1,510
Self-Contained:	16
Total Secondary:	650
Total 9th - 12th:	416
Total 7th - 8th:	234
Total Elementary:	844
Total 1st - 6th:	717
Total K:	127

The state of Utah requires student average daily membership (ADM) to be audited by an independent auditor at the end of each school year. The state uses average daily membership as a major component in determining much, but not all, of the funds it allocates to public school Districts in the next subsequent year.

## Beaver County School District Schedule of School Service Efforts

Year Ended June 30, 2006

	Belki Eleme K-	ntary		Milfo Eleme K-	ntary
	Antunia	Per Ctudent		Antunia	Per Cturdont
Total teachers (full-time equivalents):	<u>Actuals</u> 19	<u>Student</u> 25.47		Actuals 12	<u>Student</u> 21.17
Counselors (full-time equivalents):					
Media & computer lab (full-time equivalents):	1.58	307.30		1.43	178.25
Administration (full-time equivalents): School assignments: District assignments:	1	484.00		0.75 0.25	338.67
Secretarial (full-time equivalents):	1	<b>4</b> 84.00		1	254.00
Custodians (full-time equivalents):	1.25	387.2		1	254
Student enrollment - average daily membership (ADM):	484			254	
Transportation miles driven for student activities:	1 <b>,81</b> 8			588	
General supplies, equipment, staff travel, etc. expenditures:  Media supplies and equipment expenditures:  Expenditures from school-level bank accounts:  Totals	\$ 16,685 \$ 5,520 \$ 11,105 \$ 33,310	\$ 34 \$ 11 \$ 23 \$ 69	\$ \$ \$	<b>4,</b> 240 <b>13,</b> 235	\$ 28 \$ 17 \$ 52 \$ 97
Remaining funds available 6/30/06 in school bank account(s):	\$ 10,747	\$ 22.20	\$	12,994	\$ 51.16

This report does not include all positions in schools, only primary positions.

The amounts relating to school bank accounts are derived from account bank statements. The June 30, 2006 ending bank balance was adjusted for outstanding checks.

Transportation miles are derived from bus drivers reports through the year.

Media/computer personnel include both certified and classified employees.

Student average daily membership (ADM) for each school is derived from the District's fiscal year 2006 audited S-3 enrollment report.

## Beaver County School District Schedule of School Service Efforts (continued)

Year Ended June 30, 2006

Minersville Elementary K-8			Milford High School 7-12				Beaver High School 7-12				
1	Actuals 8	_	Per tudent 18.50	4	Actuals 12		Per Student 15.83		Actuals 21.25		Per Student 20.42
					0.75		253.33		1		434
	0.70		211.43		0.80		237.50		1.48		294.24
	0.5 0.5		296.00		1		190.00		1.4 0.35		310.00
	0.8		185.00		1.5		126.67		2		21 <b>7.00</b>
	0.8		185		1.75		108.57		4		108.5
	148				190				434		
	627				30,289				<b>39</b> ,543		
\$ \$ \$	7,574 2,948 14,887 25,409	\$ \$ \$	51 20 101 172	_	25,914 4,230 159,941 190,085	\$ \$ \$	136 22 842 <b>1</b> ,000		41,440 5,882 347,864 395,186	\$ \$ \$	95 14 802 911
\$	6,8 <b>18</b>	\$	46.07	\$	101,356	\$	<b>53</b> 3.45	\$	90,257	\$	207.97

The average state fiscal year 2005 student ADM per teacher ratios among all Utah public school districts were: elementary 25.12, secondary 23.61 (source: Annual Superintendent's Report, 2004-05; the most recent state report available)

Full-time equivalency is defined as:

Classified employees: 1 FTE = employee who works 40 hours per week Teachers and administrators: 1FTE = full-time contract for the position

## Beaver County School District General Fund Cost Per Student

Years Ended June 30, 1997 through 2006

Year Ended June 30th	Total General Fund Expenditures	Student Average Daily Membership (audited)	Cost Per tudent
1997	\$ 5,921,208	1,491	\$ 3,971
1998	6,349,218	1,460	4,349
1 <b>99</b> 9	6,748,040	1,441	4,683
2000	7,098,630	1,417	5,010
2001	7,85 <b>4,4</b> 49	1,416	5, <b>54</b> 7
2002	8,300,420	1,445	5,744
2003	8,531,906	1,458	5,852
2004	9,141,004	1,461	6,257
2005	9,810,172	1,503	6,527
2006	9,360,929	1,510	6,199

The District's general fund serves as the traditional funding mechanism for funding regular K-12 education. This data does not include pre-school, recreation, capital projects, and debt service expenditures.

### **Beaver County School District** Student Participation in Federal Food Service Program Years Ended June 30, 2006

	Free Lunch	Reduced Lunch	Total Students Participating in Federal Lunch Program	School <b>A</b> ver <b>age</b> Daily Membership	School Participation Ratio
Belknap Elementary	151	112	263	<b>4</b> 84	54.34%
Milford Elementary	88	46	134	254	52.76%
Minersville Elementary	50	17	67	148	45.27%
Beaver High School	100	69	169	434	38.94%
Milford High School	69	28	97	. 190	51.05%

## Beaver County School District Teacher Salary Placement, Experience, and Qualifications Statistics

Year Ended June 30, 2006

				Master's or			
Recognized Experience	Bachelor's <u>Degree</u>	Bachelor's Degree <u>+ 25 Credits</u>	Bachelor's Degree + 50 Credits	Bachelor's Degree <u>+ 75 Credits</u>	Master's Degree + 45 Credits	PHD	<u>Totals</u>
0 to 5 years	<b>26.5</b> 1%	1.20%	3.61%	3.61%	1.20%	0.0 <b>0</b> %	36.14%
6 to 11 years	0.00%	6.0 <b>2</b> %	13.25%	7.23%	2.41%	0.0 <b>0</b> %	28.92%
12 to 19 years	0.00%	0.0 <b>0</b> %	1.20%	13 <b>.25</b> %	1.20%	0.0 <b>0</b> %	15.66%
20 to 24 years	0.00%	0.00%	0.00%	8.43%	0.00%	0.00%	8.43%
25 to 29 years	0.00%	0.0 <b>0</b> %	0.00%	4.82%	0.00%	0.00%	4.82%
30+ years	0.00%	0.00%	0.00%	6.02%	0.00%	0.00%	6.02%
	26.51%	7.23%	18.07%	43.37%	4.82%	0.00%	100.00%

This data is not based upon full-time equivalent positions. Rather, the data is based upon number of teachers employed by the District, their qualifications, experience, and placement on the District's certified teacher salary schedule.

# Beaver County School District Schedule of Buildings and Acquisition Dates June 30, 2006

Building	Location	AcquisitionDate
District Office	Beaver	1980
Beaver High School	Beaver	1996
Beaver High School Gym	Beaver	1974
Career Technology Education Building	Beaver	1982
Milford High School	<b>M</b> ilford	1995
Milford High School Gym	<b>M</b> ilford	1974
Career Technology Education Building	<b>M</b> ilfor <b>d</b>	1982
Belknap Elementary	Beaver	1938
Milford Elementary	<b>M</b> ilford	2001
Minersville Elementary	Minersville	2001

### **Beaver County School District** Schedule of Insurance in Force Year Ended June 30, 2006

						Fisca	l Year
	Expiration Date	De	ductible		Lim <b>its</b>	2006 Premium	2005 Premium
Property	Until cancelled Until cancelled	\$ <b>\$</b>	1,000 1,000	•	cement value	\$ 22,412	\$ 16,098
Boiler & Machinery Course of Construction	Until cancelled	\$	1,000		cement value		
Liability General Liability Auto Liability Personal Injury Errors or Ommissions Malpractice Liability No Fault Uninsured Motorist Garage Keepers	Until cancelled	No de No de No de No de No de No de	eductible eductible eductible eductible eductible eductible eductible eductible	***	10,000,000 10,000,000 10,000,000 10,000,00	\$ <b>35,4</b> 07	\$ 27,537
Automobile Physical Damage Buses Driver Training Vehicles All Others	Until cancelled Until cancelled Until cancelled Until cancelled	\$ \$ \$	500 500 500 500	Actua Actua	al value al value al value al value	\$ 1,470	\$ 2,350
Worker's Compensation	Until cancelled	No de	eductible	\$	1,000,000	\$ 13,997	\$ 16,098

## **Beaver County School District State Criterion Reference Test Scores**

Years Ended June 30, 2004 through 2006

			% Proficient				
			2004	2005	2006		
		Math	83.11%	80.87%	92.77%		
	Belknap	Language Arts	83.68%	83.93%	89.88%		
	Bell	Science	67.43%	71.27%	63.38%		
		Overall	80.41%	80.31%	85.62%		
ELEMENTARY		Math	<b>66</b> .67%	69.66%	72.7 <b>7%</b>		
N.	Milford	Language Arts	67.12%	74.79%	76.5 <b>3</b> %		
EME	≅	Science	53.91%	62.83%	62.64%		
EL		Overail	64.20%	70.40%	72.53%		
	<u> </u>	Math	82.98%	79.57%	93.8 <b>8</b> %		
	Minersville	Language Arts	86.17%	81.72%	91.84%		
		Science	70.73%	59.46%	82.98%		
	2	Overall	82.10%	77.13%	90.95%		
	<u> </u>	Math	91.18%	97.37%	91.18%		
	rsvij	Language Arts	90.91%	92.11%	82.35%		
	Minersville	Science	73.53%	81.58%	77.14%		
	2	Overall	85.15%	90.35%	83.50%		
ÄΥ	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	Math	72.41%	67.60%	70.9 <b>2%</b>		
SECONDARY	Beaver H.S.	Language Arts	76.65%	78.43%	81.10%		
Ō	ave	Science	54.57%	60.54%	65.90%		
SE	l ä	Overall	67.44%	69.39%	72.95%		
	S.	Math	50.49%	55.83%	64.03%		
	Ĭ.	Language Arts	76.82%	67.11%	63.25%		
	Milford H.S.	Science	42.65%	50.00%	56.58%		
	Σ	Overall	57.95%	58.01%	61.27%		

### **Beaver County School District** Capital Asset Statistics June 30, 2003 through 2006

	2003	2004	2005	2006
Capital assets not being depreciated:				
Landi				
Land: Beginning balance	\$ <b>1,3</b> 76,93 <b>9</b>	\$ 1,297, <b>983</b>	<b>\$</b> 1,2 <b>97,9</b> 84	\$ 1 <b>,29</b> 7,984
Increases	Ψ 1,070,000	φ 1,237,300	Ψ 1,207,00-	Ψ 1,207,004
Decreases	(78,95 <b>6</b> )	_	_	-
Ending balance	1,297,983	1,297,983	1,297,984	1,297,984
			<del></del>	<del></del>
Construction in progress:				
Beginning balance	-	-	-	-
Increases	-	-	-	<b>6</b> 5,54 <b>7</b>
Decreases				
Ending balance		_		65,547
Capital assets being depreciated:				
Buildings and improvements:				
Beginning balance	23,698,720	<b>22</b> ,282 <b>,878</b>	22,308,150	22,308,150
Increases	512,560	25,273	22,000,100	50,061
Decreases	(1,928,402)	20,270	_	00,001
Ending balance	22,282,878	22,308,151	22,308,150	22,358,211
Less: accumulated depreciation	(7,300,328)	(7,802,521)	(8,304,715)	(8,817,852)
Net book value	14,982,550	14,505,630	14,003,435	13,540,359
Ttot book value	11,002,000			,0,
Furniture and equipment:				
Beginning balance	2,202,849	2,506,674	2,619,460	2,597,167
Increases	303,825	167 <b>,947</b>	168,140	<b>6</b> 2,02 <b>9</b>
<b>Dec</b> reases	-	(55,160)	(1 <b>90,4</b> 33)	(12,314)
Ending balance	2,506,674	2,619,461	2,597,167	2,646,882
Less: accumulated depreciation	(1,870,823)	(2,014,488)	(2,021,590)	(2,437,713)
Net book value	635,851	604,973	5 <b>75,</b> 577	209,169
Vehicles:		A		4 404 504
Beginning balance	936,908	911,147	1,082,578	1,101,581
Increases	21,989	171,430	<b>31,3</b> 35	- (4 000)
Decreases	(47,750)	4 000 577	(12,332)	(1,608)
Ending balance	911,147	1,082,577	1,101,581	1,099,973
Less: accumulated depreciation	(801,378)	(867,535)	(939,437)	(997,476)
Net book value	109,769	215,042	162,144	102,497
Total capital assets:				
Beginning balance	28,215,416	26,998,682	27,308,172	27,304,882
Increases	838,374	364 <b>,65</b> 0	199,475	177,637
Decreases	(2,055,108)	(55,160)	(202,765)	(13,922)
Ending balance	26,998,682	27,308,172	27,304,882	27,468,597
Less: accumulated depreciation	(9,972,529)	(10,684,544)	(11,265,742)	(12,253,041)
Net book value	\$ 15,728,170	\$ 15,325,645	\$ 14,741,156	\$ 13,852,025



#### AUDITORS' REPORT ON STATE LEGAL COMPLIANCE

The Board of Education
Beaver County School District
Beaver, Utah

We have audited the financial statements of Beaver County School District for the year ended June 30, 2006, and have issued our report there on dated October 31, 2006. As part of our audit, we have audited the District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit guide for the year ended June 30, 2006. The District received the following major State assistance programs from the State of Utah:

Minimum School Program

The District also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the District's financial statements.)

Drivers' Education

School Lunch (State Fund Portion)

Our audit also included test work on the District's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local governments in Utah including:

Public Debt
Cash Management
Purchasing Requirements
Adult Education Reporting

Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other Compliance Requirements
Fall Enrollment and Student Membership

The management of the District is responsible for the District's compliance with all compliance requirement identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the

90 EAST 200 NORTH St. George, UT 84770 FAX: (435) 673-6166 (435) 673-6167 District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Beaver County School District complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Hafen Buckner Count & Slag, pc. HAFEN, BUCKNER, EVERETT & GRAFF, PC

October 31, 2006



To the Audit Committee and the Board of Education of Beaver County School District

In planning and performing our audit of the financial statements of Beaver County School District (the District), for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the District's ability to initiate, record, process and report financial data consistent with assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

We have included the reportable conditions in the attached schedule of findings, recommendations, and responses.

This report is intended solely for the information and use of the Beaver County School District Audit Committee, the Board of Education, management, and is not intended to be and should not be used by anyone other than these specified parties.

HAFEN, BUCKNER, EVERETT & GRAFF, PC

Hafen, Buckner Everet & Gray, De

October 31, 2006

#### BEAVER COUNTY SCHOOL DISTRICT SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2006

#### Current Year Findings

#### Finding

There were several instances where cash deposits were not made within three banking days as required by state statute

#### Recommendation

Procedures be implemented to ensure that all cash is deposited daily or withing three banking days in accordance with state statute.

#### Response

The District agrees. The District will provide training to school principals, secretaries, and finance personnel to ensure they understand the state requirement

#### **Finding**

Expenditures in the General Fund and the Food Services Fund were in excess of budgeted amounts.

#### Recommendation

Procedures be implemented to moniter expenditures to ensure that they are within budgeted amounts.

#### Response

- 1. The District agrees. The District is currently working to budget at the program level to prevent this from happening in the future. The District is also working to develop a long-term plan to move the District forward to a financial positive and viable financial position. The
- 2. The District continues to identify expenditures and incurred liabilities that may exist that are currently unknown. Any unknown liabilities may impact the District's progress towards the goal mentioned in #1 above.

#### **Finding**

Driver education records have not been maintained for five years as required by state statute.

#### Recommendation

Driver education records be maintained for five years as required by state statute.

#### BEAVER COUNTY SCHOOL DISTRICT SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2006

#### Response

The District agrees. This was a prior years' finding and the District continues to work towards meeting this requirement.

#### **Finding**

There were several instances where purchase orders were not completed until after a purchase was actually made.

#### Recommendation

Purchase orders be completed and approved in accordance with District policies prior to purchases being made.

#### Response

The District agrees. The District will provide training to finance and school personnel and will develop monitoring procedures to prevent this from occurring.

#### Finding

There were several instances where expenditures of student activity funds were not supported by an invoice, statement, or other documentation.

#### Recommendation

All expenditures be supported by an invoice, statement or other adequate documentation.

#### Response

The District agrees. The District will provide training to each school's personnel.

#### **Finding**

Capital asset records are lacking sufficient detail to enable the District to moniter and track the assets.

#### Recommendation

A physical inventory be taken of capital assets and detail records be developed.

#### Response

The District agrees. The District will develop a record keeping system no later than February 1, 2007, and will conduct an inventory no later than April 30, 2007.

#### BEAVER COUNTY SCHOOL DISTRICT SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2006

#### Status of Prior Year's Findings

Findings from the prior year that were not corrected are listed again in the current year's findings.

# Beaver County School Districe

Administration
Dr. Ray Terry
Superintendent
Todd Burke, CGFM
Business Administrator
Tracy G. Davis, M. Ed
Programs Administrator

Office of Administration



Board of Education
Carolyn White
President
Wayne W. Wiseman
Vice-President
Melissa Yardley
Secretary
Robert Davidson
Mike Gillins



November 21, 2006

Mr. Kent Godfrey Utah State Auditor's Office Utah State Capitol Complex East Office Building, Suite E310 P.O. Box 142310 Salt Lake City, Utah 84114-2310

Dear Mr. Godfrey:

Enclosed is a copy of our District's first ever Comprehensive Annual Financial Report.

This report was presented to the District's audit committee on November 14<sup>th</sup>, and based upon the audit committee's recommendation, the Board formally entered into a resolution to accept the CAFR and fiscal year 2006 audit.

The CAFR includes explanations regarding our legal compliance issues related to past interfund transfers from the debt service fund. These explanations can be found:

- In note 10, p52
- Introductory transmittal letter, pages 7 8
- MD&A, page 27

Enclosed also is a revised annual financial report which includes fiscal year 2006 actuals and fiscal year 2007 original budget amounts. This report was revised, based upon an auditor's recommendation and related adjusting entry, after we sent your office our original AFR report a few weeks ago. The enclosed AFR articulates with our CAFR.

If you have any questions, please feel free to give me call.

Sincerely,

Todd. S. Burke, CGFM Business Administrator

BEAVER COUNTY SCHOOL DISTRICT SINGLE AUDIT JUNE 30, 2006

### TABLE OF CONTENTS

Report on Compliance with Requirements Applicable	
to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	1-2
Schedule of Expenditures of Federal Awards	3
Schedule of Findings and Questioned Costs	4
Notes to Schedule of Expenditures of Federal Awards	5-6



# REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Beaver County Board of Education

#### Compliance

We have audited the compliance of Beaver County School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility it to express an opinion on the District's compliance based on our audit and have issued our report thereon dated October 31, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Beaver County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

#### Internal Control Over Compliance

The management of Beaver County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants

90 East 200 North St. George, UT 34770 Fax: (435) 673-6166 applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver County School District, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 31, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

HAFEN, BUCKNER, EVERETT & GRAFF, PC

Hofen Buckner, Everett & Gray, PC

October 31, 2006

#### Beaver County School District Schedule of Expenditures of Federal Awards June 30, 2006

FÉDERAL OR PASS THRO GRANTOR/PROGRAM TIT		Major Program	Federal CFDA#	Ex	Total penditures
U.S. Department of Education					
Office of Education:	Adult Education - State Grant Program		84.002	\$	11,220
	Title I Grants to Local Education Agencies (LEAS)		84.010		132,389
	Migrant Education - State Grant Program		84.011		60,000
	Special Education - IDEA Part B	X	84.027		274,539
	Special Education - Preschool	X	84.173		16, <b>94</b> 2
	Safe and Drug Free Schools - State Grant Program		<b>84</b> .186		5,842
	Fund for Improvement of Education (FIE Grant)		84.215		18 <b>,92</b> 0
	Improving Teacher Quality - State Grants		84.336		61,195
	Technology Literacy Challenge - State Grants		84.318		2,842
	Migrant Education - Consortium State Grants		84.011		3,698
	<b>g</b> =				
Passed Through S.E.D.C.:					
	Education Technology -State Grants		84.318		14,500
	Total U.S. Department of Education				602,087
					-
U.S. Department of Agricult					
Passed Through Utah State					
Office of Education:			10 553		57,748
	School Breakfast Program	<u>.</u>	10.55 <b>3</b> 10.555		31,421
	National School Lunch Program-Federal School Lunc	Π -			
	National School Lunch Program-Federal Special Assi	st. Program	10.555		158,580
	Food Distribution Federal Commodities Program		10.55 <b>0</b>		22,794
D 18 1 D 0	<b>.</b>				
Passed through Beaver Cou					11,083
	PILT Forest Reserve				281,626
	Total U.S. Department of Agriculture				201,020
U.S. Department of Health	and Human Services				
Passed through Utah Department					
Passed through oran bepar	Medicaid School-Based services		93.778		37,399
	Wichigald College Based Colleges				•
	Total Expenditures of Federal Awards			\$	921,112

#### Beaver County School District Schedule of Findings And Questioned Costs June 30, 2006

l.	. Summary of Auditor's Results.						
	A.	Type of audit report issued oin the financial statements:	Unqualified opinion				
	В.	Reportable conditions in internal control disclosed by the audit:	None				
	C.	Instances of noncompliance material to the financial statements:	None				
	D. Reportable conditions in internal control over major programs disclosed by the audit: None						
	Ε.	Type of report issued on compliance for major programs:	Unqualified opinion				
-	F.	Audit findings required to be reported under paragraph .510(a):	None				
	G.	Major programs:           Program         CFDA           Special Education - IDEA Part B         84.027A           Special Education - Preschool         84.173A					
	H.	Dollar threshold used to distinguish between Type A and B programs, as described in paragraph .520(b):	\$50 <b>0,0</b> 00				
	1.	Beaver County School District qualifies as a low-risk auditee under paragraph .530.	~				
II.	accordance with Generally Accepted Governmental Auditing Standards. None						
III.	III. Findings and questioned costs for Federal awards as defined in paragraph .510(a)						

**Questioned Costs** 

None

Finding

None

#### BEAVER COUNTY SCHOOL DISTRICT NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2006

#### NOTE 1 PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the District's financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to, and does not present the financial position, changes in fund balances or other current funds revenue, expenditures and other changes of the District.

#### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The information in the schedule is presented in accordance with OMB Circular A-133.

Pursuant to the Single Audit Act of 1984 (Public Law 98-502), The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule. Federal awards do not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal government for which the Federal Government procures tangible goods or services are not considered to be federal awards.

The Single Audit Act Amendments of 1996 and OMB Circular A-133 established levels of expenditures or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the District, are those programs, which exceed \$500,000 in federal expenditures, distributions, or issuances for the year ended June 30, 2006.

#### Reporting Entity

The reporting entity is fully described in Note 1 of the District's financial statements. The schedule includes all federal award programs administered by the District for the year ended June 30, 2006.

#### BEAVER COUNTY SCHOOL DISTRICT NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2006

#### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, Cost Principles for State and Local Governments. Under those cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

The schedule does not include matching expenditures.

All of the District's federal awards, as identified on the schedule, are passed through a separate entity prior to receipt by the District (i.e., the District is a sub-recipient).

# NOTE 3 RECONCILIATION OF AMOUNTS REPORTED ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE DISTRICT'S FINANCIAL REPORT

The following is a reconciliation of the amounts reported in the Schedule of Expenditures of Federal Awards with the amounts reported in the District's fund financial statements.

\$ 622,407
28,162
270,543
\$ 921,112
\$ 